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THE GRAMEEN BANK ORDINANCE, 1983

ORDINANCE NO. XLVI OF 1983

[4th September, 1983]

An Ordinance to provide for the establishment of the Grameen Bank.

WHEREAS it is expedient to establish a Grameen Bank to provide credit facilities and other services to landless persons in the rural areas and to provide for matters connected therewith or incidental thereto;

NOW, THEREFORE, in pursuance of the Proclamation of the 24th March, 1982, and in exercise of all powers enabling him in that behalf, the Chief Martial Law Administrator is pleased to make and promulgate the following Ordinance:-

Short title and extent

1. (1) This Ordinance may be called the Grameen Bank Ordinance, 1983.

(2) It extends to such rural areas as the Government may, by notification in the *official Gazette*, specify.

Definitions

2. In this Ordinance, unless there is anything repugnant in the subject or context,-

- (a) "Bank" means the Grameen Bank established under this Ordinance;
- (b) "Board" means the Board of Directors of the Bank;
- (c) "Bangladesh Bank" means the Bangladesh Bank established under the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972);
- (d) "Chairman" means the Chairman of the Board;
- (e) "Director" means a Director of the Bank;
- (f) "family", in relation to a person, includes such person and his wife, son, unmarried daughter, son's wife, son's son and son's unmarried daughter;

- (g) "initial period" means such period from the date of the commencement of this Ordinance as the Government may, by notification in the *official Gazette*, determine;
- (h) "landless person" means any person who or whose family owns less than fifty decimals of cultivable land or who or whose family owns property, both movable and immovable, the value of which does not exceed the value of one acre of cultivable land according to the prevailing market price in the union in which the person normally resides;
- (i) "loan" includes guarantee or indemnity which the Bank may give on behalf of a landless person or any liability which the Bank may incur on behalf of a landless person;
- (j) "Managing Director" means the Managing Director appointed under section 14;
- (k) "new bank" means a new bank specified in the Schedule to the Bangladesh Banks (Nationalisation) Order, 1972 (P.O. No. 26 of 1972);
- (l) "prescribed" means prescribed by rules or regulations made under this Ordinance; and
- (m) "rural area" means an area which is not included within a municipality or cantonment.

3. The provisions of this Ordinance shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

Ordinance to override all other laws

4. (1) On the commencement of this Ordinance, there shall be established a Bank to be called the Grameen Bank for the purposes of this Ordinance.

Establishment of the Bank

(2) The Bank shall be a body corporate, having perpetual succession and a common seal with power to acquire, hold and dispose of property, both movable and immovable, and shall by the said name sue and be sued.

(3) Subject to sub-section (4), the Banking Companies Ordinance, 1962 (LVII of 1962), and any other law for the time being in force relating to banking companies shall not apply to the Bank.

(4) The Government may, by notification in the *official Gazette*, direct that specific provisions of the Banking Companies Ordinance, 1962 (LVII of 1962), or any other law for the time being in force relating to Banking companies shall be applicable to the Bank.

Head Office,
etc.

5. (1) The Head Office of the Bank shall be at Dhaka.

(2) The Bank may, with the approval of the Bangladesh Bank, open such regional and other offices as the Board may think fit.

Authorised
capital

6. (1) The authorised capital of the Bank shall be taka ten crore.

(2) The authorised capital shall be divided into ten lakh ordinary shares of taka one hundred each.

(3) The Bank may increase its authorised capital with the prior approval of the Government.

Paid-up share
capital

7. (1) The initial paid-up share capital of the Bank shall be taka ¹[seven crore and twenty lakh] which shall be subscribed as follows:-

(a) ²[25%] by the Government or by any organisation or body set up, managed or controlled by the Government, as may be determined by it; and

³(b) 75% by borrowers of the Bank.]

(2) The Government may increase the paid-up share capital of the Bank from time to time.

(3) Shares held by a borrower may be transferred to another borrower of his class.

¹ The words "seven crore and twenty lakh" were substituted for the words "three crore" by section 2 of the Grameen Bank (Amendment) Ordinance, 1986 (Ordinance No. LI of 1986).

² The figure "25%" was substituted for the figure "60%" by section 2 of the Grameen Bank (Amendment) Ordinance, 1986 (Ordinance No. LI of 1986).

³ Clause (b) was substituted by section 2 of the Grameen Bank (Amendment) Ordinance, 1986 (Ordinance No. LI of 1986).

8. (1) The general direction and superintendence of the affairs and business of the Bank shall be entrusted to a Board of Directors to be constituted in accordance with the provisions of this Ordinance and such Board may exercise all such powers and do all such acts and things as may be exercised or done by the Bank.

Direction and superintendence

¹[(2) The Bank, in discharging its functions, shall act prudently with due regard to the public interest.]

(3) Until the first Board is constituted, the Managing Director shall exercise all powers and do all acts and things as may be exercised or done by the Board.

²**9.** (1) The Board of Directors of the Bank shall consist of the following Directors, namely:-

Board

- (a) three persons to be appointed by the Government,
- (b) nine persons to be elected by the borrower-shareholders in the manner prescribed by rules.

(2) Notwithstanding anything contained in sub-section (1), the Managing Director shall be an *ex-officio* Director of the Board, but he shall have not right to vote.]

10. ³[(1) There shall be a Chairman of the Board who shall be appointed by the Government from amongst the appointed Directors.]

Chairman

(2) If a vacancy occurs in the office of the Chairman or if the Chairman is unable to discharge the functions of his office on account of absence, illness or any another cause, the Government may authorise any other director, other than the Managing Director, to discharge the functions of the Chairman during the period for which he is so unable.

¹ Sub-section (2) was substituted by section 2 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

² Section 9 was substituted by section 3 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

³ Sub-section (1) was substituted by section 4 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

Term of office
of Directors

11. (1) Appointed Directors shall hold office during the pleasure of the Government.

(2) An elected Director shall hold office for a term of three years and shall continue in office until his successor enters upon his office.

Filling of casual
vacancy

12. A casual vacancy in the office of an elected Director shall be filled by election and the person elected to fill such vacancy shall hold office for the unexpired period of his predecessor:

Provided that it shall not be necessary to fill a vacancy for a period not exceeding three months.

Vacancy, etc.,
not to invalidate
proceeding

13. No act or proceeding of the Board shall be invalid merely on the ground of the existence of any vacancy in, or any defect in the constitution of, the Board.

Managing
Director

¹**14.** (1) There shall be a Managing Director of the Bank who shall be appointed by the Board with the prior approval of the Bangladesh Bank.

(2) The Board shall constitute a Selection Committee consisting of not less than three and not more than five members for the purpose of selecting a candidate for appointment as Managing Director.

(3) In selecting a candidate for appointment as Managing Director, preference shall be given to persons having knowledge and experience in rural economy or in the field of grameen banking business.

(4) The Managing Director shall be the whole-time officer and the chief executive of the Bank and shall serve under the Bank on such terms and conditions as may be prescribed by regulations.

¹ Section 14 was substituted by section 5 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

(5) If a vacancy occurs in the office of the Managing Director or if the Managing Director is unable to discharge the functions of his office on account of absence, illness or any other cause, such officer of the Bank as may be prescribed by regulations shall discharge the functions of the Managing Director until a new Managing Director appointed to fill such vacancy enters upon his office or until the Managing Director resumes the functions of his office, as the case may be.]

15. The Chairman, Managing Director and other Directors shall exercise such powers, perform such functions and discharge such duties as may be ¹[prescribed by regulations] or assigned to them by the Board.

Functions of
Directors

²**16.** The Chairman or an appointed Director may resign his office by writing under, his hand addressed to the Government, and the Managing Director or any other Director may resign his office by writing under his hand addressed to the Chairman:

Resignation

Provided that no resignation shall take effect until it has been accepted by the Government or, as the case may be, the Chairman.]

17. (1) The meetings of the Board shall be held at such times and at such places as may be determined by the Board:

Meeting

Provided that a meeting may otherwise be convened by the Chairman when he so thinks fit.

(2) During the initial period, the quorum for a meeting of the Board shall be three Directors present in person and thereafter the quorum of such meeting shall be four Directors present in person.

(3) At a meeting of the Board, each Director shall have one vote and in the event of equality of votes, the person presiding shall have a casting or second vote.

¹ The words “prescribed by regulations” were substituted for the word “prescribed ” by section 6 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

² Section 16 was substituted by section 7 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

(4) No Director shall vote on any matter in which he is directly or indirectly personally interested.

(5) If for any reason the Chairman is unable to be present at a meeting of the Board, the Directors present may elect a Chairman from amongst themselves to preside over the meeting.

Committee

18. The Board may appoint such committee or committees as the Board thinks fit to assist it in the efficient discharge of its functions.

Functions

19. The Bank shall provide credit with or without collateral security, in cash or in kind, for such term and subject to such conditions as may be prescribed, to landless persons for all types of economic activities including housing, but excluding business in foreign exchange transaction, and may carry on and transact the several kinds of business hereinafter specified, that is to say,-

- (a) the accepting of money on deposit;
- (b) the borrowing of money for the purpose of the Bank's business against the security of its assets or otherwise;
- (c) the issuing and selling of bonds and debentures;
- (d) for the purpose of securing loans and advances made by the Bank, accepting pledge, mortgage, hypothecation or assignment to the Bank of any kind of movable or immovable property;
- ¹[(e) undertaking the management, control and supervision of any rural organisation, enterprise or scheme for the benefit and advancement of landless persons;]
- (f) ²[* * *] the buying, stocking and supplying on credit to landless persons of industrial and agricultural inputs, livestock, machinery, implements and equipments and industrial raw materials and acting as agent for any organisation for the sale of such goods or livestock;

¹ Clause (e) was substituted by section 8 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

² The words and comma "with the approval of the Government," were omitted by section 8 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

- (g) ¹[* * *] the subscribing to the debentures, being debentures repayable within a period not exceeding ten years, of any body corporate concerned with economic activities in rural areas;
- (h) ²[* * *] the purchasing of shares of any body corporate, the object of which is to provide services to landless persons;
- (i) the custody of savings certificate, title deeds and other valuable articles and the collection of the proceeds, whether principal, interest or dividends of any such securities or saving certificates;
- (j) the paying, receiving, collecting and remitting of money and securities within the country;
- (k) the acquiring, maintaining and transferring of all movable and immovable property, including residential premises, for carrying on its business;
- (l) carrying out survey and research, issuing publication and maintaining statistics relating to the improvement of economic condition of the landless persons;
- (m) providing professional counsel to landless persons regarding investments in small business and such cottage industries as may be prescribed;
- (n) encouraging investments in such cottage industries as may be prescribed and service projects by landless persons;
- ³[(nn) undertaking income-generating projects for landless persons;]
- (o) providing services to the borrowers regarding all kinds of insurances;
- (p) ⁴[* * *] constituting, promoting, issuing, organising, managing and administering Mutual Funds or Unit

¹ The words and comma “with the approval of the Government,” were omitted by section 8 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

² The words and comma “with the approval of the Government,” were omitted by section 8 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

³ Clause (nn) was inserted by section 8 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

⁴ The words and comma “with the approval of the Government,” were omitted by section 8 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

Trusts of any type or character, and acquiring, holding, dealing, selling, paying or disposing of or dealing in shares, certificates or securities of such Funds or Trusts;

- (q) rendering managerial, marketing, technical and administrative advice to borrowers and assisting them in obtaining services in those fields;
- (r) the opening of accounts or the making of any agency arrangement with, and the acting as agent or correspondent of, any bank or financial organisation;
- (s) the investing of its funds in Government securities;
- (t) the selling and realising of all properties, 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 claim and the acquisition and the holding of, and generally the dealing with, any right, title or interest in any property, movable or immovable, which may be the Bank's security; and
- (u) generally the doing of all such acts and things as may be necessary, incidental or conducive to the attainment of the object of the Bank.

Prohibited
business

20. The Bank shall not undertake or transact any kind of business other than those authorised by or under this Ordinance.

Bonds and
debentures

21. (1) The Bank may, with the prior approval of the Government, issue and sell bonds and debentures carrying interest at such rates as may be approved by the Government.

(2) The bonds and debentures of the Bank shall be guaranteed by the Government as to their payment of principal and payment of interest at such rate as may be fixed by the Government at the time the bonds and debentures are issued.

Accounts

22. The Bank shall maintain proper accounts and prepare annual statement of accounts, including the profit and loss account and balance sheet, and shall comply in respect of such accounts with such general directions as may be issued by ¹[* *] the Bangladesh Bank from time to time.

¹ The words "the Government and" were omitted by section 9 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

23. (1) The accounts of the Bank shall be audited by not less than two auditors being chartered accountants within the meaning of the Bangladesh Chartered Accountants Order, 1973 (P.O. No. 2 of 1973) ¹[* * *]. Audit

(2) Every auditor appointed under sub-section (1) shall be given a copy of the annual balance sheet and other accounts of the Bank and shall examine it, together with the accounts and vouchers relating thereto, and shall have a list delivered to him of all books kept by the Bank, and shall at all reasonable times have access to the books of accounts and documents of the Bank, and may, in relation to such accounts, examine any Director or officer of the Bank.

(3) The auditors shall report to the ²[Board] upon the annual balance sheet and accounts, and in their report they shall state whether, in their opinion, the balance sheet contains all necessary particulars and is properly drawn up so as to exhibit a true and correct view of the state of affairs of the Bank and, in case they have called for any explanation or information from the ³[Bank], whether it has been given and whether it is satisfactory.

(4) The ⁴[Board] may, at any time, issue directions to the auditors requiring them to report to it upon the adequacy of measures taken by the Bank for the protection of the interest of the ⁵[shareholders] and of the creditors of the Bank or upon the sufficiency of the procedure in auditing the affairs of the Bank, and may, at any time, enlarge or extend the scope of the audit or direct that different procedure in audit shall be adopted or that any other examination shall be made by the auditors or any other person or persons, if in its opinion, the interest of the ⁶[Bank] so requires.

¹ The comma and words “, who shall be appointed by the Government” were omitted by section 10 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

² The word “Board” was substituted for the word “Government” by section 10 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

³ The word “Bank” was substituted for the word “Board” by section 10 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

⁴ The word “Board” was substituted for the word “Government” by section 10 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

⁵ The word “shareholders” was substituted for the word “Government” by section 10 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

⁶ The word “Bank” was substituted for the word “Government” by section 10 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

Returns

24. (1) The Bank shall furnish to the Government such returns, reports and statements as the Government may from time to time require.

(2) The Bank shall, within three months after the end of every financial year, furnish to the Government a statement of accounts audited by the auditors under section 23 together with an annual report on the working of the Bank during the year.

¹[* * *]

Reserve fund

25. The Bank shall establish a reserve fund to which shall be credited such amount out of its net annual profit as the Board may determine.

Disposal of profit

26. After deducting the amount credited to reserve fund under section 25 and making provisions for bad and doubtful debts, depreciation of assets and any other matters which are usually provided for by bankers, the net annual profit of the Bank remaining thereafter shall be utilised in such manner as the Board may determine.

Appointment of officers and other employees

27. The Bank may appoint such persons as it considers necessary for the efficient performance of its functions on such terms and conditions as may be ²[prescribed by regulations]:

Provided that in making such appointment, the persons who served under the Grameen Bank Project mentioned in section 37 shall be given preference if they are otherwise eligible for such appointment.

Recovery of Bank dues

28. (1) All sums due to the Bank shall be recoverable as arrears of land revenue:

Provided that no sum shall be so recovered unless fifteen days' notice has first been given by the Bank to the debtor or any other person liable to pay the sum:

¹ Sub-section (3) was omitted by section 11 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

² The words "prescribed by regulations" were substituted for the word "prescribed" by section 12 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

Provided further that in so giving notice, the Bank shall inform the debtor or any other person liable to pay the sum that he may pay the dues in such instalments as may be fixed in the notice and that it will proceed as to the entire sum outstanding in case of any default in any instalment.

(2) In the application of the Public Demands Recovery Act, 1913 (Ben. Act III of 1913), for the purpose of recovery of the dues of the Bank, the provisions of sections 7, 9, 10 and 13 of that Act shall not apply, and the certificates issued under section 6 of the said Act shall be conclusive proof that the amount specified therein is due to the Bank.

(3) An officer of the Bank may exercise all powers exercisable by a Certificate Officer under the Public Demands Recovery Act, 1913 (Ben. Act III of 1913), within his jurisdiction for the purpose of recovery of the dues of the Bank only.

29. The Board may, for the purpose of ensuring efficient functioning of the Bank and facilitating transaction of its daily business, delegate to the Chairman, Managing Director or any other Director or any officer of the Bank any of its functions subject to such conditions as it may think to impose.

Delegation of powers

30. Every Director shall be indemnified against all losses and expenses incurred by him in the discharge of his duties except such as are caused by his own wilful act or default.

Indemnity

31. (1) Whoever wilfully makes a false statement or knowingly permits any false statement to be made or to remain in any document of title or any other document given to the Bank by way of security or otherwise in respect of any loan or facility sought or granted under this Ordinance shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to two thousand taka, or with both.

Penalty, etc.

(2) Whoever without the consent in writing of the Bank uses its name in any prospectus or advertisement shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand taka, or with both.

(3) Whoever wilfully withholds or fails to deliver to the Bank, which he is required to deliver under this Ordinance shall be punishable with imprisonments for a term which may extend to one year, or with fine, or with both.

Cognizance of offence

32. No Court shall take cognizance of any offence punishable under this Ordinance except upon a complaint in writing by an officer of the Bank authorised in this behalf by the Board.

Exemption from taxes

33. Notwithstanding anything contained in the Income-tax Act, 1922 (XI of 1922), or any law for the time being in force relating to income-tax, super-tax or business profits tax, the Bank shall not, for such period as the Government may, by notification in the *official Gazette*, specify, be liable to pay any such tax on its income, profits or gains.

Liquidation

34. No provision of law relating to the winding up of companies including banking companies, shall apply to the Bank and the Bank shall not be wound up save by order of the Government and in such manner as it may direct.

Power to make rules

¹[**35.** The Government may, by notification in the *official Gazette*, make rules for holding elections of the Directors under clause (b) of sub-section (1) of section 9.]

Power to make regulations

36. (1) The Board may ²[* * *], make regulations, not inconsistent with the provisions of this Ordinance and the rules, to provide for all matters for which provisions is necessary or expedient for the purpose of giving effect to the provisions of this Ordinance and efficient conduct of the affairs of the Bank.

(2) All regulations made under this section shall be published in the *official Gazette* and shall come into force upon such publication.

¹ Section 35 was substituted by section 13 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

² The comma and words “, with previous approval of the Government” were omitted by section 14 of the গ্রামীণ ব্যাংক (সংশোধন) আইন, ১৯৯০ (১৯৯০ সনের ৫০ নং আইন)।

37. (1) Notwithstanding anything contained in any other law for the time being in force or in any agreement or contract or other instrument, upon the Establishment of the Bank,-

Grameen Bank
Project to cease
to exist

- (a) the Grameen Bank Project, hereinafter referred to as the said project, shall cease to exist;
- (b) all assets, rights, powers, authorities and privileges and all properties, movable and immovable, cash and bank balances, reserve funds, investments and all other rights and interests in, or arising out of, such property and all books of accounts, registers, records and all other documents of whatever nature relating thereto, of the said project shall stand transferred to, and vest in, the Bank;
- (c) all debts, liabilities and obligations incurred, all contracts entered into and all matters and things engaged to be done by, with or for, the said project before establishment of the Bank shall be deemed to have been incurred, entered into or engaged to be done by, with or for, the Bank;
- (d) the loans advanced by the said project before the establishment of the Bank shall be deemed to have been advanced by the Bank and shall be recoverable in accordance with the provisions of this Ordinance.

(2) The Government may, for the purpose of removing any difficulty in relation to the transfer and other matter specified in sub-section (1), make such orders as it may consider expedient and any such order shall be deemed to be, and given effect to as, part of the provisions of this Ordinance.

Explanation.- In this section "Grameen Bank Project" means the Grameen Bank Project sponsored by the Rural Economics Programme of the Department of Economics, University of Chittagong, in 1976 in village Jobra, police station Hathazari, in the district of Chittagong and subsequently adopted by the Bangladesh Bank and participated by new Banks and the Bangladesh Krishi Bank.
