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Report Name: Officials Increase Loan Ceilings Lower Interest Rates to Tackle Rising Input Costs

Country: Burma - Union of

Post: Rangoon

Report Category: Agricultural Situation

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Report Highlights:

Burma (also known as Myanmar) authorities in Naypyitaw raised loan amounts available to farmers to combat rising costs for fuel and fertilizer. The Myanmar Agricultural Development Bank is providing loans at below market rates in an effort to finance crop production and machinery purchases. Local stakeholders remain concerned about program effectiveness and the ability to address rural problems from rising input costs amid low global commodity prices.

On April 20, 2026, Burma announced a “100-Day Action Plan” with 2 main components. The first includes ministry-specific initiatives listed below, while the second focuses on the peace process and related activities.

- Agriculture, Livestock, and Rural Economic Development
- Education
- Health and Social Affairs
- Improving Rural Drinking Water Supply and Expanding Access to Irrigation Water through Solar-Powered Water Systems
- Transportation, Communication

Agriculture, Livestock, and Rural Economic Development

In the plan, Burma announced there would be financial support for farmers with a focus on industrial agriculture and technology application to address regional food security, price stability, and rural development. Correspondingly, the Myanmar Agricultural Development Bank (MADB) increased loan ceilings for agricultural production and farm machinery at revised, lower interest rates to support farmers during this year’s crop cycles.

Agricultural Loans for Crop Production

Beginning in Fiscal Year 2026/27 (April 2026 – March 2027), MADB raised production loan ceilings for farmers of key commodities (see Table 1). This program aims to address rising production costs due to recent spikes in fertilizer and fuel prices. Still, while low global prices for many staple commodities persist, some farmer contacts have noted that a government-managed reduction in input and fuel prices and/or higher reference prices for paddy rice may be more effective in mitigating high production costs and providing greater returns to producers. (Note: Burma maintains a reference or, floor, price for rice and publishes “reasonable” reference prices that act as a *de facto* ceiling. End Note).

Table 1. Burma: Increase in Crop Production Loan Ceilings for Key Commodities ($1=4,200 Myanmar Kyat (MMK))

	Crop	Crop Production Loan (MMK)	
		Old Ceiling	New Ceiling
1	Rice	150,000 ($35.7)	300,000 ($71.4)
2	Wheat	150,000 ($35.7)	300,000 ($71.4)
3	Long Staple Cotton (seed production)	150,000 ($35.7)	300,000 ($71.4)
4	Peanut	100,000 ($23.8)	250,000 ($59.5)
5	Sesame	100,000 ($23.8)	250,000 ($59.5)
6	Sunflower	100,000 ($23.8)	250,000 ($59.5)
7	Pulses (12 different crops)	100,000 ($23.8)	250,000 ($59.5)
8	Long Staple Cotton	100,000 ($23.8)	250,000 ($59.5)

9	Onion	100,000 ($23.8)	250,000 ($59.5)
10	Chili	100,000 ($23.8)	250,000 ($59.5)
11	Sugarcane	100,000 ($23.8)	250,000 ($59.5)
12	Seed Corn	100,000 ($23.8)	250,000 ($59.5)
13	Niger	100,000 ($23.8)	150,000 ($35.7)
14	Mustard Seed	100,000 ($23.8)	150,000 ($35.7)
15	Jute	100,000 ($23.8)	150,000 ($35.7)

MADB's loan distribution schedule depends on the seasonality of the target crop (see Table 2).

Table 2. Burma: Loan Disbursement Period for Different Crop Growing Seasons

Type of Loan	**Disbursement period**
For Monsoon crops	May- September 2026
For Winter Crop	October 2026- February 2027
For Pre-monsoon Crop	January-March 2027

The annual interest rate for these crop production loans has been set at 5 percent, which is notably below typical interest rates of 8-13 percent at government banks and 12-18 percent at private banks. MADB started disbursing loans for monsoon crops in some regions around May 12, 2026. Only farmers with no outstanding debt from prior years are eligible for these MADB loans, and public data is lacking on what proportion of the rural population can benefit from these loans.

Agricultural Loans for Farm Machinery

To facilitate the transition to mechanized farming, MADB published that it will also offer loans for agricultural machinery. Under this program, farmers can apply for loans under 2 categories: (i) 10 million MMK ($2,380) to 300 million MMK ($71,428) and (ii) 300 million MMK ($71,428) to 500 million MMK ($119,047). MADB has set the annual interest rate for farm machinery loans at 6 percent and will allow farmers to select repayment terms of 1, 3, or 5 years. MADB will give priority to farmers and cooperative members, and applications will require submission of a land-use rights document. Loan disbursement dates differed across administrative regions. In some townships in Mon state, Bago region, and Ayeyarwady region, MADB began disbursing loans on May 12, 2026.

Preliminary Analysis of the Loan Programs

Although this program improves liquidity in the agricultural sector, structural costs and productivity remain significant constraints. The increase in farm loan provisions will provide short-term relief to farmers by improving access to working capital for seeds, fertilizer, and other production inputs. This may help sustain or slightly increase agricultural production in the upcoming crop season. Still contacts suggest the price support and direct market interventions are relatively ineffective at improving farmer income (particularly in the long run) though farmers remain critical that the floor price set by Burma officials is too low to provide meaningful income support. Moreover, participation restrictions by excluding indebted farmers may further erode program effectiveness and efforts to provide a rural social safety net for producers at risk of rising input costs.

Attachments:

No Attachments.