

THE KARNATAKA AGRICULTURAL CREDIT PASS BOOK ACT, 1984

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STATEMENT OF OBJECTS AND REASONS

I

Act 2 of 1986 .- The object of the Bill is to enable the agriculturists to establish readily their rights over their lands and thereby their creditworthiness for securing the loans from the financial institutions like the Co-operative Societies, Commercial and Regional Rural Banks. It is expected that apart from this Agricultural Credit Pas Book there will be no necessity to produce any other document for availment of loan facilities under I.R.D.P. and other development programmes. The Bill is prepared on the model Bill suggested by the Government of India.

The entries in the pass book regarding the entitlement of the land and the credit worthiness are intended to have presumptive value in the Court of Law. The system of Agricultural Credit pass book is proposed to be introduced in one taluk of each district on an experimental basis. Where the pass books are issued, the existing patta books required to be supplied under Section 129-A of the Karnataka Land Revenue Act will not be issued.

(Obtained from L.A. Bill No.19 of 1984)

II

Amending Act 23 of 1987.- In view of the instructions given by the Central Government, while conveying the assent of the President to the Karnataka Agricultural Credit Pass Book Bill 1984, certain amendments have been made, namely:-

(1) The definition of the National Bank for Agriculture and Rural Development has been made clear.

(2) It has been provided that prior to issual of pass book, there is no necessity for the Revenue Officers to enquire into the creditworthiness of the applicant.

(3) The Procedure for the Registration of charge has been simplified.

Hence the Bill.

(Obtained from L.A. Bill No. 47 of 1986.)

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KARNATAKA ACT No. 2 OF 1986

(First published in the Karnataka Gazette Extraordinary on the Twenty fourth day of February, 1986)

THE KARNATAKA AGRICULTURAL CREDIT PASS BOOK ACT, 1984

(Received the assent of the President on the Fourteenth day of January, 1986)

(As Amended by 23 of 1987)

An Act to provide for the issue of Agricultural Credit Pass Books to enable agriculturists to have credit facilities and for matters connected therewith or incidental thereto.

WHEREAS it is expedient to provide for the issue of Agricultural Credit Pass Books to enable agriculturist to have credit facilities;

BE it enacted by the Karnataka State Legislature in the Thirty-fifth Year of the Republic of India, as follows:-

CHAPTER I

PRELIMINARY

1. Short title, commencement, etc., - (1) This Act may be called the Karnataka Agricultural Credit Pass Book Act, 1984.

(2) It shall come into force on such ¹[date]₁ as the State Government may, by notification, appoint and different dates may be appointed for different areas.

1. Act came into force in specified areas on 31.10.1986 by notification No. RD 45 TRR 86 dt. 30.10.1986

(3) Section 129A of the Karnataka Land Revenue Act, 1964 (Karnataka Act 12 of 1964) shall cease to be in force in any area during the period this Act is in force in such area and shall stand revived on the expiry of the said period.

2. Definitions. - In this Act, unless the context otherwise requires,-

(a) "agriculture" includes making land fit for cultivation, cultivation of land, improvement of land including development of sources of irrigation, raising and harvesting of crops and such other prescribed activities as are generally carried on by agriculturists;

(b) "agriculturist" means a person who is engaged in agriculture;

(c) "bank" means a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (Central Act 10 of 1949) and includes,-

¹[(i) x x x]₁

1. Omitted by Act 23 of 1987 w.e.f. 04.06.1987.

(ii) the State Bank of India constituted under the State Bank of India Act, 1955 (Central Act 23 of 1955);

(iii) a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (Central Act 38 of 1959);

¹[(iv) National Bank for Agricultural and Rural Development constituted under the National Bank for Agricultural and Rural Development Act, 1981 (Central Act 61 of 1981);]₁

1. Substituted by Act 23 of 1987 w.e.f. 04.06.1987.

- (v) a corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (Central Act 5 of 1970);
 - (vi) a corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (Central Act 40 of 1980);
 - (vii) Regional Rural Bank constituted under the Regional Rural Banks Act, 1976 (Central Act 1 of 1976);
 - (viii) the Karnataka Agro-Industries Corporation, a company incorporated under the Companies Act, 1956 (Central Act 1 of 1956);
 - (ix) Agricultural Finance Corporation Limited, a company incorporated under Companies Act, 1956 (Central Act 1 of 1956);
 - (x) any other financial institution which may be notified in this behalf by the State Government; and
 - (xi) a Co-operative Society;
- (d) "Co-operative Society" means a Co-operative society registered or deemed to be registered under the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959), the object of which is to provide financial assistance to its members, and includes a Co-operative Agriculture and Rural Development Bank;
- (e) "financial assistance" means an assistance by way of loans, advances, guarantee or otherwise for the purposes of agriculture;
- (f) "land" means land used for the purposes of agriculture and any purpose subservient thereto and which is assessed by the Government to land revenue but not being land appurtenant to any residential building situate within the local limits of a corporation, municipality or notified area;
- (g) "pass book" means an agricultural credit pass book issued under section 4;
- (h) "revenue officer" means a Tahsildar or any other officer appointed by the State Government for the purposes of this Act; and
- (i) "Sub-registrar" shall have the meaning assigned to it in the Registration Act, 1908 (Central Act 16 of 1908).

3. Act to override other laws.- The provisions of this Act or any rule made thereunder shall have effect notwithstanding anything in the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959) or in any enactment, other than this Act, or in any instrument having effect by virtue of any enactment other than this Act.

4. Act to override other laws.- The provisions of this Act or any rule made thereunder shall have effect notwithstanding anything in the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959) or in any enactment, other than this Act, or in any instrument having effect by virtue of any enactment other than this Act.

CHAPTER II

ISSUE OF PASS BOOKS AND MATTERS RELATING THERETO

4. Issue of pass books etc.- (1) On the commencement of this Act, it shall be lawful for a revenue officer to provide for facilities for agricultural credit by the

issue of pass books, in such form and containing such particulars as may be prescribed, to agriculturists having for the time being, land within the local limits of his jurisdiction.

(2) An agriculturist who desires to have a pass book may make an application to the concerned revenue officer, in such form and on payment of such fee as may be prescribed, for the issue of such pass book to him.

(3) Every application referred to in sub-section (2) shall contain full particulars of the land owned by the applicant or in relation to which the applicant holds an interest or in relation to the crops, if any, standing on such land or in relation to which the applicant, holds any interest.

(4) On receipt of the application made under sub-section (2), the revenue officer ¹[shall make or cause to be made, in such manner as may be prescribed, an inquiry about the title of the applicant in relation to the lands specified in the application or any interest held by the applicant therein or in respect of any crop standing thereon]¹ and where, after such inquiry, the revenue officer is satisfied with regard to the title of the applicant relating to all or any of the properties aforesaid or any part thereof, he may issue a pass book to the applicant indicating therein ²[xxx]² the properties in relation to which the applicant has title and the extent of encumbrances, if any existing in relation to any of such properties on the date of issue of the pass book.

1. Substituted by Act 23 of 1987 w.e.f. 04.06.1987.

2. Omitted by Act 23 of 1987 w.e.f. 04.06.1987.

(5) The revenue officer shall retain a copy of the pass book issued by him under sub-section (4) and send a true copy thereof to the Sub-Registrar within the local limits of whose jurisdiction the properties specified in the pass book are situate, and on receipt thereof, the Sub-Registrar shall place the copy of the pass book on his records.

(6) if the revenue officer is satisfied that any pass book issued by him has been lost or destroyed, he may issue a duplicate pass book, on payment of such fee as may be prescribed.

(7) Every entry made by the revenue officer in a pass book issued by him shall be presumed to be correct.

(8) The entries in the pass book shall be *prima facie* evidence of the title of the holder thereof in respect of the land or other interest in the land or crops specified therein and shall be accepted as such by a bank for the purpose of granting financial assistance to the holder of the pass book whether or not on the security of the properties specified in the pass book.

(9) The revenue officer may, from time to time require the holder of the pass book to produce it before him in order to make entries regarding mutation or transfer entered or to be entered in the revenue records.

5. Endorsements on pass books.- (1) A bank granting any financial assistance to the holder of a pass book shall make an endorsement on the pass book indicating the amount of such financial assistance and where such financial assistance has been given on the security of any property the bank shall also make an endorsement against the property on the security of which the financial assistance has been granted by it, and the endorsement so made shall have the effect of creating a charge in favour of the bank on the property against which the endorsement has been so made and the holder of the pass book shall be debarred

from alienating the said property until the outstanding amount of the financial assistance granted by the bank has been repaid together with interest due thereon.

(2) The bank shall forward a copy of every endorsement made by it under the provisions of sub-section (1) to the revenue officer and another copy to the Sub-Registrar within the local limits of whose jurisdiction the whole or any part of the property which has been so charged is situate, and on receipt of the copy of such endorsement,-

(a) the revenue officer shall make the necessary entries in the Record of Rights maintained by him under the Karnataka Land Revenue Act, 1964 (Karnataka Act 12 of 1964) ; and

(b) the Sub-Registrar shall place, or cause to be placed, such endorsement on the copy of the pass book forwarded to him under section 4.

(3) The holder of the pass book may also produce the endorsement made by the bank on the pass book before the Sub-Registrar to enable him to satisfy himself as to whether, a copy of the said endorsement has or has not been placed on his records, and in case it has not been so done, to get the said endorsement copies on the pass book which had been forwarded to him under section 4.

5A. Registration of charge.- Notwithstanding anything contained in the Indian Registration Act, 1908 (Central Act 16 of 1908), a charge in favour of the Bank on the property against which the endorsement has been made on the pass book under sub-section (1) of section 5, shall be deemed to have been duly registered in accordance with the provisions of that Act with effect from the date of endorsement on forwarding a copy of every such endorsement to the Sub-Registrar under sub - section (2) of section 5 within the time stipulated by the State Government for the purpose.]¹

1. Section 5A inserted by Act 23 of 1987 w.e.f. 04.06.1987.

6. Transfer not to be registered except on production of pass book.- (1) No transfer made by the holder of a pass book in respect of any land specified in such pass book or any interest in such land or any crops standing thereon shall be registered by the Sub Registrar, unless the pass book is produced before him ; and on the production of the pass book, he shall make an endorsement thereon indicating the particulars of the transfer registered by him.

(2) Any transfer made by the holder of a pass book without complying with the provisions of sub-section (1) shall be void and shall not convey any title.

7. Removal of disability in creation of charges.- Where any charge on any land or interest therein or crops standing thereon was created in favour of a co-operative society before the commencement of this Act, it shall be lawful for an agriculturist to create, after such commencement a subsequent charge on such land or interest therein or crops standing thereon in favour of a bank, as security, for any financial assistance given to the agriculturist by the bank.

8. Priority of charges.- No charge or mortgage created on any land or interest or crops standing thereon after the commencement of this Act, in favour of Government or a co-operative society shall have priority over a charge or mortgage on such land or interest created by an agriculturist in favour of a bank as security for financial assistance given to the agriculturist by the Bank after the

commencement of this Act and prior to the charge or mortgage in favour of Government or the co-operative society.

CHAPTER III
MISCELLANEOUS

9. Protection of action taken in good faith.- No suit or other legal proceedings shall lie against the Government or any officer or authority for anything which is in good faith done or intended to be done in pursuance of this Act or any rule made thereunder.

10. Power to make rules.- (1) The State Government may, by notification, in the official Gazette and after previous publication, make rules to carry out the purposes of this Act.

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

- (a) the form in which pass book may be issued under sub-section (1) of section 4;
- (b) the form to be used for an application and the fee therefor under sub-section (2) of section 4;
- (c) the manner in which the revenue officer may, make, or cause an inquiry to be made under sub-section (4) of section 4;
- (d) the fees required to be paid for a duplicate pass book under sub-section (6) of section 4; and
- (e) any other matter which has to be, or may be prescribed under this Act.

(3) Every rule made under this section or any other provisions of this Act shall be laid as soon as may be after it is made before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions and if before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rules should not be made, the rule shall from the date on which the modification or annulment is notified by the Government in the official Gazette have effect only in such modified form or be of no effect, as the case may be ; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

(The above translation of the ಕರ್ನಾಟಕ ಕೃಷಿ ಸಾಲ ಪಾಸ್ ಪುಸ್ತಕ ಅಧಿನಿಯಮ 1984 (1984ರ ಕರ್ನಾಟಕ ಅಧಿನಿಯಮ ಸಂಖ್ಯೆ 2) was published in the Karnataka Gazette (Extraordinary) Part IV-2B dated 21- 12-1987 as No.813. under clause (3) of the Article 348 of the Constitution of India.)

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