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## KARNATAKA AGRICULTURISTS LOANS RULES, 1966

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## KARNATAKA AGRICULTURISTS LOANS RULES, 1966

In exercise of the powers conferred by Section 9 of the Karnataka Agriculturists' Loans Act, 1963 (Mysore Act 17 of 1963), and in supersession of all existing rules on the subject the Government of Karnataka hereby makes the following rules, the same having been previously published in Part IV, Section 2-C(i) of the Mysore Gazette, dated the 18th November, 1965, namely:-

### **1. Title :-**

These Rules may be called the Karnataka Agriculturists' Loans Rules, 1966.

### **2. Definitions :-**

In these rules, unless the context otherwise requires.

- (a) "Act" means the Karnataka Agriculturists' Loans Act, 1963;
- (b) "Section" means a section of the Act;

(c) "Form" means a form appended to these rules.

**3. Purposes for which loans may be granted :-**

Loans may be granted for any purpose specified in Section 3.

**4. Manner of making applications for loans :-**

(1) Every application for a loan under these rules, shall be in Form 1, and shall be made to the Tahsildar of the Taluk or to such other officer as may be specified by Government by a notification for any Taluk or part of a Taluk.

(2) When the security offered for the loan is land, extracts from the Record of Rights relating thereto shall be attached to the application.

<sup>1</sup> [Provided that in any area where Record of Rights has not been prepared, extracts from the relevant revenue record or register relating to the land shall be attached to the application.]

(3) On receipt of the application for a loan under the Act in the Taluk Office, or in the office of such other officer or officers specified by Government in this behalf under sub-rule (1), as the case may be, a receipt shall forthwith be given to the applicant, and without any delay, the particulars of the application shall be entered in the inward register of the Office and in the Register of Applications for Loans under the Act in Form II.

1. Proviso added by GSR 315, dated 24-8-1968

**5. Officers empowered to make enquiries :-**

All Revenue Officers not below the rank of a Revenue Inspector of a Circle and such other officer or officers specified by Government in this behalf under sub-rule (1) of Rule 4 are empowered to make an enquiry for the purpose of verifying the correctness of the particulars in the application for a loan.

**6. Manner of conducting enquiries :-**

(1) A local enquiry in respect of the particulars contained in the application for a loan shall be held after causing a notice containing the particulars of the application and inviting objections within such period as may be specified in the notice to be affixed in the village or chavadi, where the applicant's interests in the amount of loan are involved. Any objections received within a stipulated period shall be heard by the authority competent to grant the loan or such

other subordinate officer as may be authorised by such competent authority by a general or special order.

**<sup>1</sup>** [(1-a) Every local enquiry under sub-rule (1) shall be held as expeditiously as possible and endeavour shall be made to conclude such enquiry within thirty days from the date on which the application is made.]

(2) Every enquiry shall be made to ascertain the particulars to complete Form III, and after such enquiry, the authority shall either sanction the loan, if it is within its competence or forward through proper channel the application with its report to the higher authority competent to sanction the loan either recommending the grant or rejection of the loan in full or in part.

(3) Unless the authority competent to sanction the loan is fully satisfied of the sufficiency of the security with a margin for safety, the loan shall be refused.

1. Inserted by GSR 315, dated 24-8-1968

**7. Powers exercisable by officers conducting enquiries :-**

Officers conducting enquiries shall be competent to exercise the powers conferred on a Revenue Officer by the Mysore Land Revenue Act, 1964 and the Rules made thereunder, for purposes of conducting enquiries under the said Act.

**8. Maximum deduct of loan and Officers competent to grant loans :-**

(1) No loan exceeding rupees Twenty-five thousand shall be granted to any period under these rules.

(2) Subject to the provisions of sub-rule (1), the Officers specified in column (1) of the following Table may grant loans not exceeding the amounts specified in the corresponding entry of column (2) thereof, namely.

<b>TABLE</b>	
Authority	Maximum amount of loan
Tahsildar, Special Tahsildar of a Taluk or any other officer specified by Government for a Taluk or a part of a Taluk under sub-rule (1) of Rule 4.	One thousand Rupees
Assistant Commissioner of a Sub-	Two thousand and five hundred Rupees

Deputy Commissioner or Special Deputy Commissioner of a District	[Five thousand Rupees.]
Divisional Commissioner of a Division	[Ten thousand Rupees]

(3) Loans exceeding <sup>1</sup> Ten thousand rupees may be granted by the Divisional Commissioner with the previous sanction of the State Government.

(4) Nothing in sub-rule (1) shall be deemed to preclude the grant of more than one loan to the same person exceeding the maximum amount up to which any officer may grant a loan, provided that the purpose for which each such loan is granted is different, the amount granted does not exceed the maximum amount specified, and such loan is secured by a different security.

1. Substituted for the words "Five thousand rupees" by GSR 284, dated 27-7-1970

## **9. Nature of security to be taken for the due application and repayment of loans by the owners of arable land :-**

(1)

(a) The security shall be the interest of the applicant in immovable property.

(b) If the value of the interest of the applicant in the immovable property offered as security for the loan is not less than eighty per cent of the value of the immovable property and will cover the amount of the loan to be granted with interest payable thereon and the cost, if any, likely to be incurred in making the grant, the loan applied for may be granted on the security of such immovable property.

(c) If the value of the interest of the applicant in the immovable property does not satisfy the requirements of clause (b).

(i) collateral security consisting of interest in immovable property belonging to other persons who are offered as sureties shall be taken: Provided that the total value of the interest in immovable property of the applicant and of the interest in immovable property offered as collateral security is sufficient to cover the loan with a margin for safety; or

(ii) collateral security consisting of personal security of one or more persons whose solvency is, taking into consideration all relevant factors, sufficient to cover the loan with interest with a margin for safety, provided that where more than one person offer personal security all of them shall bind themselves to repay the loan jointly and severally.

(2) A second, third or fourth loan may be granted to the same person on the security of the immovable property, on which a loan has already-been granted, provided that the total amount outstanding at any time does not exceed the maximum loan admissible on the security of the immovable property offered by the applicant: Provided that a subsequent loan shall not be granted to a contumacious defaulter or person from whom instalments in respect of earlier loans are overdue.

**10. Nature of security to be taken for the due application and repayment of loans by the occupiers of arable land :-**

(1) The security shall be by way of charge on the growing crops on the land. An occupier who applies for loan shall make a declaration in the prescribed form creating a charge on the growing crops on the land in his occupation for the payment of the amount of loan with interest.

(2) If the estimated value of the growing crops on the land is not sufficient to cover the loan and interest on the loan, the applicant shall furnish collateral security consisting of personal security of the applicant and one or more persons whose solvency is sufficient to cover the loan with interest:

Provided that when more than one person offers personal security, all of them shall bind themselves to repay the loan jointly and severally.

**11. . :-**  
ommitted

**12. Conditions to be satisfied before granting loans :-**

(1) No loan shall be granted under these rules except after an enquiry is made and adequate security to cover the loan with interest and costs, if any, is taken. OA reference in Form IV shall be made to the Registration Department for an encumbrance certificate in respect of the immovable property offered as security,

and no loan shall be granted until a reply to the reference is received, and the officer granting the loan is satisfied about the value of the immovable property or immovable properties offered as security.

(2) After the enquiry and such further investigation as may be necessary, and after obtaining adequate security; if the officer competent to grant the loan is satisfied that the loan either in full or in part may be granted, he shall record a decision to the effect and shall at once issue an order granting the loan, in Form V. The contents of the order shall be explained to the applicant and his signature obtained in token of understanding and agreeing to the conditions contained therein.

(3) The bond to be taken when personal security or collateral security consisting of immovable property is offered by the borrower or his sureties shall be in such form or forms as the State Government may by order from time to time direct.

(4) The loan sanctioned may be disbursed either in one or more instalments as may seem fit to the sanctioning authority, on production of the security bond duly executed. Large loans shall be paid in two or more instalments. The sanctioning authority shall use his discretion having regard to the opportune time for utilising the amount of loan and actually disburse it at such opportune time.

(5) The amount granted as a loan shall be utilised within a period of two years from the date of disbursement of the loan or the first instalment thereof, provided that the sanctioning authority may extend the said period by one year in special cases of hardship where the borrower for reasons beyond his control cannot utilise the amount for the purpose for which it is granted within the said period of two years.

**12A. Conditions under which loans may be granted :-**

Loans under these rules may be granted subject to the following conditions, namely.

(a) the amount of loan shall be utilised solely for the purpose for which it is granted;

(b) the amount of loan shall be utilised within the period allowed or extended by the officer granting the loan;

(c) any instalment of the loan and previous loan, if any shall be

payable on such earlier date than the date fixed in that behalf or may be fixed in any year having regard to any exceptional agricultural conditions.

(d) any instalment of the loan and previous loan may be increased to such amount not exceeding double the amount fixed while granting the loan as may be determined in any year by the officer granting the loan having regard to any exceptional agricultural conditions in the year.]

### **13. Rate of interest and recovery thereof :-**

(1) Interest at eight and a half per cent per annum shall be charged on loans granted under the Act. Penal interest at [twelve and half per cent] per annum shall be levied upon all over due instalments of interest or principal and interest;

**1**

[Provided that in respect of loans granted to Scheduled Castes and Scheduled Tribes, the sanctioning authority shall, if satisfied that such loan has been properly utilised for the work for which it was granted, give a set off for an amount equal to the difference between interest calculated at eight and a half per cent and three per cent.]

(2) Notwithstanding anything contained in sub-rule (1), the principle of "Damdupat" shall be applied to the recovery of the loans under the Act and these rules and it may be ensured.

(a) that the amount recovered as interest at one time does not exceed the principal;

(b) that in pending cases where the arrears of interest already accrued exceeds the principal, the interest may be scaled down and a sum equal to double the principal may be recovered without any further interest over a period of three years, if the defaulter binds himself to pay the subsequent instalments regularly, and if within that period repayment is not made in instalments, penal interest shall be levied and steps taken to realise the outstandings.

1. Proviso added by GSR 170, dated 21-4-1970

### **14. Period for repayment and mode of recovery of loan :-**

(1)

(a) The officer or authority sanctioning the loan shall fix the period

of repayment of the loan together with the interest thereon <sup>1</sup>[xxx] and the amount of instalments subject to the maximum limits specified below.

A. Loans granted for the purchase of improved seeds, fertilizers and pesticides-One Year

B. Loans granted for any purpose, other than specified in Item I

(i) If the loan does not exceed one thousand rupees-Five Years

(ii) If the loan exceeds one thousand rupees but does not exceed two thousand and five hundred rupees-Eight Years

(iii) If the loan exceeds two thousand and five hundred rupees-Ten Years

(b) The time limits for repayment specified in clause (a) shall count where the loan is disbursed in full at one time, from the date of disbursement of the loan or where the loan is disbursed in instalments from the date of disbursement of the last instalments, provided that where the loan is disbursed in instalments and the borrower does not take action to receive the last instalment on the date appointed for the purpose or within a reasonable time from such date, the authority sanctioning the loan may declare the loan as closed and direct by order the payment of the loan taken, and when such a direction is made the time limit shall be counted from the date on which the last instalment had to be received by the borrower.

(c) The date of repayment of each instalment on half-yearly or yearly basis shall be so fixed as to coincide with the date of one of the land revenue khists of the taluk.<sup>2</sup> [XXX] Instalments paid before the due date shall be taken entirely towards principal, unless interest for a preceding period is overdue.

(2) Whenever recovery of land revenue is suspended the recovery of the loan may also be suspended.

1. The words "and the costs incurred in granting the loan" omitted by GSR 79, dated 10-2-1970

2. The words "The cost, if any, incurred in making a loan shall be recorded from the grantee along with the amount repaid as the first instalment" omitted by GSR 79, dated 10-2-1970

## **15. Inspection of objects for which loans have been granted**

:-



(1) All the officers empowered to sanction the loans as far as possible or any other officer not below the rank of a Revenue Inspector shall by inspection if necessary ensure that the amount of loan disbursed is utilised for the purpose for which it is sanctioned. If the loan is disbursed by instalments, it shall be ensured by the officer granting the loan before each instalment subsequent to the first is paid, that the instalment already disbursed is utilised properly.

(2) If the borrower fails to utilise in the time prescribed, the amount of loan for the purpose for which he has received the loan or an instalment thereof, the officer granting the loan may extend the time prescribed on reasonable cause being shown for the failure in utilising the amount in time. If the borrower fails to utilise the amount for the purpose for which it is granted within the period thus extended, prompt steps shall be taken to recover the loan in accordance with the provisions of Section 8.

**16. Accounts :-**

The accounts for all loans under these rules shall be kept in Form VI and the accounting procedure laid down in the Karnataka Financial Code, 1958, shall be followed.