

## **KARNATAKA DEBT RELIEF ACT, 1976**

**25 of 1976**

**[22nd January, 1976]**

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STATEMENT OF OBJECTS AND REASONS [KARNATAKA ACT No. 25 OF 1976] Karnataka Gazette, dated 22-1-1976 The problem of Urban and Rural indebtedness from sources other than Government and institutional agencies has assumed serious dimensions in recent time. One of the factors responsible being the tightness in the money market. Exorbitant rates of interest are being charged and malpractices are being indulged. Agriculturists with small holdings, landless agricultural labourers and the weaker sections of the community have all been exploited. The State Government, therefore, considered it necessary to provide adequate relief to the said categories. This is consistent with the 20 point programme announced by the Prime Minister also. Hence the Karnataka Debt Relief Ordinance, 1975 was issued declaring that debts owed by the aforesaid categories stood discharged. The Bill is to replace the said Ordinance.

### **1. Short title, extent and commencement :-**

(1) This Act may be called the Karnataka Debt Relief Act, 1976.

(2) It extends to the whole of the State of Karnataka.

(3) Sections 3, 4, 7 and 8 shall be deemed to have come into force on the twenty-first day of October, 1975. Sections 5 and 6 shall be deemed to have come into force on the eleventh day of November, 1975 and Section 9 shall be deemed to have come into force on the twenty-eighth day of November, 1975.

## **2. Declaration :-**

It is hereby declared that this Act is for giving effect to the policy of the State towards securing the principles specified in Article 46 of the Constitution of India.

## **3. Definitions :-**

In this Act, unless the context otherwise requires,

(b) "Debt" means any liability in cash or in kind, whether decreed or not and includes any amount which is in substance a debt; but does not include arrears of taxes due to the Central or the State Government or a local authority;

(d) "Landless agricultural labourer" means a person who does not hold any land and whose principal means of livelihood is manual labour on land;

(e) "Small farmer" means a person who holds whether as owner, tenant, or mortgagee with possession or partly in one capacity and partly in another not more than one unit of land and who has no income from any source other than agriculture;

Explanation. Where a person holds more than one category of land referred to in clause (f), the extent of land held by him shall be determined according to the following formula namely: Two hectares of unirrigated lands - one and one-fourth hectares of rain-fed wet land = half hectare of land having facilities for growing one irrigated crop = half hectare of land used for growing plantation crops or grape or coconut or arecanut or for growing mulberry by irrigation - quarter hectare of land having perennial irrigation facilities or facilities for growing more than one irrigated crop in a year;

(f) "Unit" means

(ii) one and one-fourth hectares of rainfed wet lands; or

(iii) half hectare of land having facilities for growing one irrigated crop; or

(iv) half hectare of land used for growing plantation crops or grapes or coconut or arecanut; or

(v) half hectare of land used for growing mulberry by irrigation; or

(vi) quarter hectare of land having perennial irrigation facilities or facilities for growing more than one irrigated crop in a year;

Explanation. In this clause 'plantation crop' means cardamom, coffee, rubber and tea;

(g) "Weaker sections of the people" means persons not being small farmers or landless agricultural labourers, whose annual income from all sources does not exceed two thousand and four hundred rupees.

#### **4. Relief from indebtedness :-**

Notwithstanding anything in any law for the time being in force or in any contract or instrument having force by virtue of any such law and save as otherwise expressly provided in this Act, with effect from the date of commencement of this section,

(a) every debt advanced before the commencement of this section including the amount of interest, if any, payable by the debtor to the creditor shall be deemed to be wholly discharged;

(d) every debtor undergoing detention in a civil prison in execution of any decree for money passed against him by a Civil Court in respect of any such debt shall be released;

Explanation. Nothing in this section shall be construed as entitling any debtor for refund of any part of any debt already repaid by him or recovered from him before the commencement of this section.

#### **5. Creditors to file statement, etc. :-**

(8) Pending determination of the question under sub-section (2), no creditor shall sell or dispose of the articles pledged.

#### **6. Penalty :-**

(1) Any person failing to furnish the statement or to comply with the order made under Section 5 or otherwise contravening the provisions of Section 5 shall be liable to imprisonment for a term which shall not be less than three months but which may extend to

one year and with fine which shall not be less than one thousand rupees but which may extend to five thousand rupees

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(2) Every offence punishable under sub-section (1) shall be cognizable

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**7. Burden of proof :-**

Notwithstanding anything in any law, in any suit or proceeding, the burden of proving that the debtor is not entitled to protection of this Act shall lie on the creditor.

**8. Certain debts and liabilities not to be affected :-**

Nothing in this Act shall affect the following categories of debts and liabilities of small farmers, landless agricultural labourers and weaker sections of the people, namely:

- (a) any rent due in respect of any property let out to such debtor;
- (b) any amount due under a hire purchase agreement;
- (c) any amount recoverable as arrears of land revenue;
- (d) any liability arising out of breach of trust, or any tortious liability;
- (e) any liability in respect of wages or remuneration due as salary or otherwise for services rendered;
- (f) any liability in respect of maintenance whether under a decree of a court or otherwise;
- (h) and debt which represents the price of goods purchased by such debtor

**9. Power to make rules :-**

The State Government may, by notification in the official Gazette make rules to carry out the purposes of this Act.

**10. Repeal of Karnataka Ordinance Nos. 15 of 1975, 19 of 1975 and 21 of 1975. :-**

(1) The Karnataka Debt Relief Ordinance, 1975 (Karnataka Ordinance No. 15 of 1975), the Karnataka Debt Relief (Amendment) Ordinance, 1975 (Karnataka Ordinance No. 19 of 1975) and the Karnataka Debt Relief (Second Amendment)

Ordinance, 1975 (Karnataka Ordinance No. 21 of 1975) are hereby repealed.

(2) Notwithstanding such repeal anything done or any action taken under the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of this Act.