

## **KARNATAKA LAND IMPROVEMENT LOANS RULES, 1966**

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## **KARNATAKA LAND IMPROVEMENT LOANS RULES, 1966**

In exercise of the powers conferred by Section 10 of the Karnataka Land Improvement Loans Act, 1963 (Karnataka Act 16 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 Karnataka Gazette, dated the 6th May, 1965, namely.

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

These rules may be called the Karnataka Land Improvement Loans Rules, 1966.

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

In these rules, unless the context otherwise requires.

- (a) "Act" means the Karnataka Land Improvement 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 which is a land improvement work within the meaning of clause (b) of Section 2.

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

(1) Every applications for a loan under these rules shall be in Form I 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) When the improvement work to be undertaken involves professional skill, the applicant shall annex to the application an accurate plan, specification and estimate for the said work. In case the applicant is unable to comply with this requirement, the officer concerned may get it done on

(4) On receipt of the application for a loan under the Act in the Taluk Office or in the office of such other officer as may be specified by Government by a notification for any Taluk or part of a Taluk 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 loan under the Act in Form II.

1. Proviso added by GSR 322, dated 24-8-1968, w.e.f. 19-9-1968

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

All Revenue Officers not below the rank of a Revenue Inspector of Circle and such other officer or officers as may be specified by Government by a notification for any Taluk or part of a Taluk 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 land to be improved is situated. 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.]

**<sup>2</sup>** [(2) The land to be improved shall ordinarily be inspected by the authority competent to grant the loan and where such an inspection is not possible on administrative or other grounds, an on-the-spot inspection report of the land to be improved may be obtained from an officer not below the rank of a (i) Deputy Tahsildar or Taluk Sheristedar if the amount of loan applied for does not exceed one thousand rupees, and (ii) Special Tahsildar, if the amount of loan applied for exceeds one thousand rupees.]

(3) 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;

(4) Unless the officer competent to grant the loan is satisfied of the sufficiency of the security with a margin for safety, the loan shall be refused.

1. Sub-rule (1-A) inserted by GSR 322, dated 24-8-1968, w.e.f. 19-9-1968

2. Sub-rule (2) substituted by GSR 57, dated 23-2-1973, w.e.f. 5-4-1973

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

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

## **8. Officers competent to grant loans :-**

(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.

TABLE

<p>Tahsildar or Special Tahsildar of a Taluk, or any other Officer specified by Government by a notification for any Taluk or part of a Taluk.</p>	<p>One thousand rupees,</p>
<p>Assistant Commissioner of a Revenue Sub-Division.</p>	<p>Two thousand and five hundred rupees.</p>

Deputy Commissioner or Special Deputy Commissioner of a District.	Five thousand rupees.
Divisional Commissioner of a Division.	Ten thousand rupees.

(2) Loans exceeding ten thousand rupees may be granted by the Divisional Commissioner with the previous sanction of the State Government.

(3) 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 upto 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.

**9. Nature of security to be taken for the due application and**

## **repayment of the loan :-**

(1) The land to be improved including the site of the work to be constructed shall be taken as security.

(2)

(a) If the value of the interest of the applicant in the land to be improved and offered as security for the loan is not less than eighty per cent of the value of the land subject to the provisions of the Tenancy Acts for the time being in force 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 land;

(b) If the value of the land does not satisfy the requirements of clause

(a).- (i) Collateral security consisting of.

(A) other land belonging to the applicant; or

(B) land belonging to other persons who are offered as sureties; or

(C) both the lands referred to in items (A) and (B) shall be taken, provided that the total value of the land of the applicant and of the lands or land offered as collateral security is sufficient to cover to the loan with a margin for safety; or

(ii) Collateral security consisting 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;

(3) A second, third or fourth loan may be granted to the same person on the security of the same land, 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 land offered by the applicant; provided that a subsequent loan shall not be granted to a contumacious defaulter or a person from whom instalments in respect of earlier loans are overdue.

## **10. Condition under which loans may be granted :-**

x x x x x.]<sup>1</sup>

1. Rule 10 omitted by GSR 322, dated 24-8-1968, w.e.f. 19-9-1968

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

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

(2) (a) When the improvement work to be undertaken involves professional skill and its estimated cost exceeds two thousand rupees, the opinion as to the feasibility, probable cost, and merits generally from a professional point of view shall be obtained from the Departments specified below. In any other case, the officer dealing with the application may call for similar professional opinion if considered necessary.

<b>Purpose of the loan</b>		<b>Departments to be consulted.</b>
<b>(i)</b>	the construction of wells, tanks and other works for the storage, supply or distribution of water for the purposes of agriculture, or for the use of men and cattle employed in agriculture;	Department of Public Works.
<b>(ii)</b>	the preparation of land for irrigation; Purpose of the loan	Department of Agriculture.
		Departments to be consulted.
<b>(iii)</b>	The drainage, reclamation from rivers or other waters, or protection from floods or from erosion or other damage by water, or land used for agricultural purposes or waste land which is cultivable;	Department of Public Works.
<b>(iv)</b>	The reclamation, clearance enclosure or permanent	Department of Agriculture.

(iv)	improvement of land for agricultural purpose;	
(v)	The renewal or reconstruction of any of the foregoing works or alterations therein or additions thereto;	Department of Public Works or Department of Agriculture, as the case may be.

(b) In the case of an application for loan for construction of or reconstruction of irrigation well, or alterations therein or additions thereto, the Department of Public Works shall be consulted when the cost exceeds three thousand rupees after the estimates are checked by the Sub-Overseer attached to the Taluk Office with reference to the sanctioned scheme of rates likely nature of the sub-soil and probable depth;

(c) If the Department of Agriculture or the Department of Public Works does not furnish its opinion within a period of two months of the receipt of the reference, the concurrence of the Department may be presumed and further action taken to sanction or refuse the loan.

(3) After the local enquiry and such further investigation as is prescribed in the foregoing rules, and after obtaining adequate security, 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.

(4) The bond to be taken when personal security or collateral security consisting of land or other immoveable 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.

(5) 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 starting the improvement work and actually disburse the sanctioned loan at such opportune time.



(6) 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 installment 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 work within the said period of two years.

**11A. Conditions under which loans may be granted. Loans under these rules may be granted subject to the following conditions, namely :-**

**1**

(a) the amount of loan shall be utilised only for the purposes 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 installment 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 installment 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.]

1. Rule 11-A inserted by GSR 322, dated 24-8-1968, w.e.f. 19-9-1968

**12. Rate of interest and recovery thereof :-**

(1) Interest at eight and half per cent per annum shall be charged on loans granted under the Act. Penal interest at <sup>1</sup>[twelve and a half per cent] ten per cent per annum shall be levied upon all over due instalments of interest or principal and interest: <sup>2</sup> [Provided that in respect of loans granted to Scheduled Castes and Scheduled Tribes, the sanctioning authority shall if satisfied that such loan i: las 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 "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 exceed 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 out-standings.

1. Substituted for the words "ten per cent" by GSR 61, dated 16-2-1976, w.e.f. 26-2-1976

2. Proviso added by GSR 172 and 206, dated 21-4-1970

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

(1)

(a) The authority sanctioning the loan, shall subject to the maximum period of twenty-five years specified in Section 6 fix the period or repayment of the loan together with the interest thereon [x x x x x] and the amount of installment, subject to the maximum limits specified below.

(1) If the loan does not exceed rupees one thousand	Eight years.
(2) If the loan exceeds one thousand rupees but does not exceed two thousand and five hundred rupees	Ten years.
(3) If the loan exceeds two thousand five hundred rupees but does not exceed five thousand rupees	Fifteen years.
(4) If the loan exceeds five thousand rupees but does not exceed ten thousand rupees	Twenty years.
(5) If the loan exceeds ten thousand rupees	Twenty-five 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 installment, provided that where the loan is disbursed in instalments and the borrower does not take action to receive the last installment on the date appointed for the purpose or within a reasonable period from such date, the authority sanctioning the loan may declare the loan as closed and direct by order the repayment of the loan taken and when such a direction is made, the time limit shall be counted from the date on which the last installment had to be received by the borrower.

(c) The date of repayment of each installment 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. 2[x x x x x]. Instalments paid before the due date shall be taken entirely towards principal, unless any interest for a preceding period is overdue.

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

#### **14. Inspection of works for which loans have been granted** :-

(1) All land improvement works for which loans have been disbursed shall be inspected by officers empowered to sanction the loans as far as possible or any other officer not below the rank of a Revenue Inspector by the approximate date about which the work is proposed to be commenced and thereafter till the completion thereof. If the loan is disbursed in instalments, the work shall be inspected and reported upon before each installment subsequent to the first is paid:

<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.]

(2) If the borrower fails to carry out in the time prescribed the work or part of the work for which he has received the loan or an installment thereof, the officer granting the loan may extend the time prescribed on reasonable cause being shown for the failure to carry out the work in time. If the borrower fails to complete the work or part of the work within the period thus extended, prompt steps shall be taken to recover the loan in accordance with the provisions of Section 7.

1. Proviso inserted by GSR 174, dated 3-5-1968, w.e.f. 23-5-1968

**15. 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.