

## **KARNATAKA NON-AGRICULTURAL LOANS RULES, 1963**

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## **KARNATAKA NON-AGRICULTURAL LOANS RULES, 1963**

In exercise of the powers conferred by Section 6 of the Karnataka Non-Agricultural Loans Act, 1958 (Karnataka Act 26 of 1958), the Government of Karnataka hereby makes the following rules, namely:

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

These rules may be called the Karnataka Non-Agricultural Loans Rules, 1963.

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

In these rules, unless the context otherwise requires.

(a) "Act" means the Karnataka Non-Agricultural Loans Act, 1958 ;

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

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

Loans may be granted under these rules for non-agricultural purposes only, and in particular.

(1) for erecting, rebuilding or repairing houses of persons whose houses have been destroyed or damaged by <sup>1</sup> [flood, fire or other like calamities];

(2) for building or repairing boats;

(3) for construction of houses, to persons owning houses on lands which have been, or proposed to be acquired under the Land Acquisition Act, 1894, where possession of the land on which the houses are built is delivered to the State Government by the owners of the land whether before or after the award is made under the said Act;

(4) for the relief of distress to persons to whom a loan for relief of distress cannot be granted under the Agriculturists Loans Act.

1. Substituted for the words "floods or other like calamities" by GSR 233, dated 5-8-1964

**4. Prohibition of utilisation of loan for purposes other than that for which it is granted :-**

No loan granted under these rules shall be utilised for a purpose other than that for which it is granted.

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

(1) Every application for a loan under these rules shall be presented to any Revenue Officer not below the rank of a Tahsildar.

(2) The application may be made in Form 1. When the security offered is land, extracts from the record of rights relating to such land shall be enclosed to the application.

(3) The officer granting the loan shall make such enquiries as he deems fit in order to verify the correctness of the facts stated in the application.

**6. Officers by whom loans may be granted :-**

<sup>1</sup> (1) The officers mentioned in column (1) of the following Table may grant loans not exceeding the amounts specified in the corresponding entry of column (2) thereof, namely.

(1) Divisional Commissioner Ten thousand rupees in all cases other than those falling under clause (3) of Rule 3. Deputy Commissioner, Additional Deputy Commissioner (Harbour and Railways), South Kanara. Ten thousand rupees in cases falling under clause (3) of Rule 3 and two thousand rupees in all other cases. Assistant Commissioner, Special Land Acquisition Officer (Port), South Kanara. Five hundred rupees. Additional Special Land Acquisition Officer (Port), South Kanara. Tahsildar Two hundred rupees. Sheristadar specially authorised by the Government. Two hundred

rupees.]

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

1. Sub-rule (1) substituted by GSR 31, dated 23-1-1964

**7. Manner and time for repayment of loan, etc. :-**

(1) All loans granted under these rules shall be repayable in not more than ten annual installments. The minimum amount of an annual instalment shall be Rs. 10.

(2) Penal interest shall be charged on the amount of any installment remaining unpaid after the date fixed for its payment.

**8. Security to be furnished by the borrower, etc. :-**

(1) Save as otherwise directed by the State Government, no loan shall be granted unless the officer granting the loan is satisfied as to the sufficiency of the security, after allowing for a margin of safety. If a loan is to be granted to a tenant, who is not the owner of the land on which the house is erected the tenant's house upon which the money will be spent should be his security and the owner of the land should guarantee the repayment of the loan. If a loan is to be advanced for a non-agriculturist, the borrower should execute a deed of mortgage in Form 2 mortgaging his house as security for the repayment of the loan with two solvent sureties, guaranteeing the repayment of the loan.

(2) Notwithstanding anything contained in sub-rule (1) of Rule 7 in the case of a loan for the purpose specified in clause (3) of Rule 3 and in which possession of the land on which the house is built is delivered to the State Government by the owner of the land before the award is made under the Land Acquisition Act, a loan not exceeding seventy-five per cent of the probable amount of compensation to be awarded under the Land Acquisition Act in respect of the land, may be paid to the owner of such land:-

Provided that no such loan shall be granted except where the owner of such land has executed a bond in Form 3 agreeing to repay to the State Government the loan with interest due thereon, out of the amount payable to him as compensation under the award and has furnished a letter of authorisation and addressed to the Land Acquisition Officer competent to make the award agreeing for the deduction out of the sum payable to him as compensation

under the award such sum due to the Government towards the repayment of such loan together with interest due on such loan as may be intimated to the Land Acquisition Officer at the time of the payment of the compensation by the officer granting the loan together with such other collateral security as the person is required to offer.

**9. Security and forms thereof :-**

(1) Movable property shall not be accepted as security except under the special orders of the State Government. Personal security may be accepted only when the officer granting the loan is satisfied that the person to whom the loan is granted is solvent to the extent that the loan to be granted to him as loan will be recovered from him.

(2) At the time of or before the issue of the loan or the first installment of it, a deed of mortgage in Form 2 shall be executed by the applicant and sureties if any in token that they have understood and agreed to the conditions contained therein.

(3) In the case of a Hindu Joint Family, the bond shall be signed by the Manager of the joint family on behalf of the family and by all other major members of the family and also by the guardians of the minor members.

(4) In the case of a joint application by several persons for an advance to be taken jointly and severally under a bond, a bond in Form 4 shall be executed by such persons at the time of or before the issue of the loan or the first installment thereof.

(5) Notwithstanding anything contained in sub-rules (2), (3) and (4), in cases where in the opinion of the Deputy Commissioner it is not possible for the applicant or his sureties to execute a bond for the repayment of the loan under this rule at the time of or before the issue of the loan or any installment thereof, the loan or such installment may be paid to the applicant on his agreeing, whenever required by the Deputy Commissioner, to execute a bond in Form 2 or Form 4 as the case may be, or in such other form as the Government may, by general or special order direct.

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

**1**

(1) Interest at eight and half per cent per annum shall be charged on loans granted under the Act;

(2) Penal interest at ten per cent per annum shall be charged upon all overdue instalments of interest or principal and interest;

(3) Notwithstanding anything contained in sub-rules (1) and (2), the amount recovered as interest at any one time shall not exceed the principal.]

1. Substituted for the words "floods or other like calamities" by GSR 233, dated 5-8-1964

**11. Procedure on failure of the borrower :-**

The officer granting the loan, if at any time satisfied that a borrower has failed to comply with any of the conditions of the loan.

(a) shall, if the failure appears to be due to misapplication of the loan; and

(b) may, if the failure is due to any other cause, after recording in writing the grounds of his decision forthwith proceed to recover under the provisions of Section 5 of the Karnataka Non-Agricultural Loans Act, 1958 any sum still remaining unpaid by such persons.

**12. Form of accounts :-**

The accounts of all loans granted under these rules shall be kept in Forms 5 and 6.