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THE KARNATAKA LAND REFORMS (AMENDMENT) ORDINANCE, 2020: A BRIEF NOTE

Background

The Karnataka Land Reforms Act, 1961 (Act) was enacted with an objective to consolidate and make uniform laws relating to purchase and holding of agricultural land, conferment of ownership on tenants, vesting of occupancy rights, and ceiling on land holdings of the agricultural land in the State of Karnataka.

As per the Act, a non-agriculturist (with income of more than INR 25 lakhs from a non-agricultural source) being a company or an individual, was not permitted to purchase agricultural land in the State of Karnataka. There were also restrictions in terms of lease and mortgage of the agricultural land. The Karnataka Land Reforms (Amendment) Ordinance, 2020 (Karnataka Ordinance No 13 of 2020) dated 13 July 2020 ([Ordinance](#)) furthers the objective of easing and opening-up agricultural lands for greater investments, without any limitations that were imposed earlier by Sections 63 (ceiling on land holding), 79A (acquisition of land by certain persons prohibited), 79B (prohibition on holding agricultural lands by certain persons), and Section 80 (transfer to non-agriculturists barred) of the Act amongst others. The key Amendments to the Act are as set out below:

Key Amendments to the Land Reforms Act, 1961

- Increase in the ceiling on land holding: The Ordinance has amended Section 63 (2) and Proviso to Section 63 of the Act, whereby the Government has increased the ceiling on holding of agricultural land for a *person who is not a member of a family or who has no family or for a family* from the existing 10 (ten) units¹ to 20 (twenty) units.

In case of family consisting of more than five members, the ceiling has been amended from the existing 10 (ten) units to 20 (twenty) units and an additional of 4 (four) units for every member in excess of ten. Cumulatively, the ceiling area is not to exceed 40 units.

- Repealing of provisions prohibiting certain individuals/persons on holding agricultural lands and repealing of provisions prohibiting acquisition by certain persons: The Ordinance has repealed Sections 79A, 79B and 79C of the Act which had earlier restricted non-agriculturists from acquiring agricultural lands in the State of Karnataka (with effect from 1st day of March 1974).

Note: Notwithstanding the above, the cases already disposed of before the publication of the Ordinance shall not be affected and all the pending cases pertaining to sections 79A, 79B and 79C and consequential thereof are abated.

¹ As per Section 2(35A) of the Land Reforms Act, "Unit' means [one acre (40.47 ares] of A Class land, the soil classification value of which is fifty paise (eight annas) and above or an extent equivalent thereto consisting of one or more classes of other land specified in Part A of Schedule I determined in accordance with the formula in Part B of the said Schedule".

- Amendments to Section 80 and 81 of the Act: The bar on sale of agricultural land to non-agriculturists under Section 80 has been lifted and the restriction is now on transfer of certain categories of land.
Under Section 81 of the Act, the mortgage of agricultural land is allowed only when done in favour of specified institutions in Sub Clause 1 (a) and (b) of Section 81 of the Act².
- Protection of rights of land granted to Schedule Caste and Schedule Tribe (SC/ST): The Ordinance has inserted a new provision, Section 80-A, wherein it states that any amendments to the Act will not affect the rights of the land granted to SC/ST under the Karnataka Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978.

Conclusion

The Act imposed several restrictions on an individual with respect to the purchase of agricultural land in the State of Karnataka, with the objective to prevent land hoarding. The Ordinance therefore aims at liberalising this land holding structure by repealing Sections 79A, 79B and 79C of the Act by permitting a non-agriculturist to purchase agriculture land, and by repealing the income threshold set by the erstwhile provisions.

Therefore, pursuant to the Ordinance, any individual (or a trust, company, society or an educational institution) will be qualified to purchase agricultural land regardless of the incomes derived by such individual(s) from non-agricultural sources.

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² The categories of institutions, including but not limited to co-operative societies, financial institution, and any company as defined in Section 3 of the Companies Act, 1956 in which not less than fifty-one per cent of paid up share capital is held by the State Government or the Central Government, or both.

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