



UPDATE ON THE KARNATAKA LAND REFORMS (AMENDMENT) **ORDINANCE, 2020**

The Karnataka State Government, *vide* Special Gazette Notification dated 13/07/2020 has brought into force the Karnataka Land Reforms (Amendment) Ordinance, 2020 (“**KLR Ordinance**”). The KLR Ordinance makes sweeping amendments to the existing draconian regulations on land ceiling, transfer and holding of agricultural land with a view to incentivize real estate investment in the State.

HIGHLIGHTS OF THE KLR ORDINANCE:

➤ ***Increase in ceiling limits-***

- The ceiling limit for a person who has no family and for a family has been increased from 10 units to **20 units**.
- The ceiling limit for a family consisting of more than 5 numbers has been increased from 10 units plus 2 units per extra member to **20 units plus 4 units** to a maximum of **40 units**, which has also been increased from the earlier 20 units.
- Ceiling limits for agricultural tenants increased from 40 units to **80 units**.
- Definition of ‘unit’ and classification of lands clarified at the end of this document.

➤ ***Removal of statutory provisions which prohibited holding and transfer of agricultural lands by non-agriculturists***

- Sections 79-A, B & C which hitherto prevented non-agriculturists having income over INR 25 lakh from holding or purchasing or even

inheriting agricultural land and penalised such holder and transferee now stand omitted.

- In light of the now omitted provisions, any individual, even a non-agriculturist who, by himself or with his family has annual family income over INR 25 lakh can also purchase/transfer/inherit any agricultural land without any prohibition.

➤ ***Restriction on transfer of certain lands***

- Section 80 which hitherto prohibited transfer of agricultural lands now has been relaxed. The new provision only prohibits transfer of A class agricultural lands to any person who will not use it for agricultural purpose. This means that if any person, including a non-agriculturist intends to use A-class lands for agricultural purpose, there is no bar against such transfer. Only if the non-agriculturist decides to use the A-class lands for non-agricultural uses, the transfer is prohibited.

➤ ***Continued restriction against transfer of SC/ST lands***

- A new provision Section 80-A has been inserted which clearly states that the land transfer relaxations insofar as SC/ST lands shall continue according to the land grant conditions and the Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978 (PTCL Act).

➤ ***Abatement of pending 79A, 79B and 79C proceedings***

- All proceedings in respect of agricultural land holding or transfer which are still pending shall be abated (discontinued/dropped) with immediate effect.

NEXT COURSE OF ACTION BY STATE GOVERNMENT

The Karnataka State Government, *vide* Circular dated 14/07/2020 issued guidelines for the steps to be taken on 13,814 matters which are pending before the various authorities in respect of Section 79-A, B & C as follows:

- ***No retrospective operation of KLR Ordinance-*** The ordinance is not applicable to matters which were finally decided under Sections 79-A & B, and for which a declaration was made by the Assistant/Deputy Commissioner in that regard that the land shall vest in the State Government. For such lands, wherever the change in entries have not been effected on the Bhoomi website, the changes will be made.
- ***Change of entries in purchasers' name-*** In matters initiated prior to 28/11/2012, the entries in the Paahani (RTC) records still reflect the Sellers' names on account of suspected violation of the erstwhile Sections 79-A & B. All entries will now have to be changed to the Purchasers' name.
- ***Removal of Section 79-A & B violation comment-*** In matters initiated after 28/11/2012, all RTC entries reflected the comment "There is suspicion of violation of Karnataka Land Reforms Act". All such comments shall be removed with immediate effect in the entries.
- ***Stoppage of practice of Section 79-A & B violation condition-*** In future, while effecting the mutation transactions, no condition about the violation of Section 79-A & B of Karnataka Land Reforms Act shall be made.

ROLE OF SANCTUM LAW IN PRECIPITATING THE AMENDMENTS

We are pleased to inform you that our Founder and Principal Attorney, Mr. Sammith S., appeared on behalf of the Petitioners in W.P. 11659/2008, which was the lead writ petition which challenged the draconian provisions of Sections 79-A, 79-B, 79-C and 80 of the KLR Act.

The learned Division Bench of the Hon'ble High Court of Karnataka headed by Hon'ble Chief Justice heard Mr. Sammith on 26/09/2019, specifically on the violation of fundamental right to property as it existed on the date (1973) when the draconian provisions were inserted into the KLR Act. Thereafter, the Hon'ble Bench directed the State to respond on this particular issue of violation of fundamental right to property which existed at the time of the amendment to KLR Act, to which the State, understanding the futility contended that they were reconsidering the provisions.

CLARIFICATIONS ON UNIT AND CLASSIFICATION OF LANDS

DEFINITION OF 'UNIT'

1 acre of A Class Land having soil classification value above 8 annas = 1.3 acres of A Class land having soil classification value below 8 annas= 1.5 acres of B Class land having soil classification value above 8 annas=2.0 acres of B Class land having soil classification value below 8 annas=2.5 acres of C Class land having soil classification value above 8 annas=3.0 acres of C Class land having soil classification value below 8 annas=5.4 acres of D Class land.

LAND CLASSIFICATION

A Class lands mean- Lands having facilities for assured irrigation from such Government canals and Government Tanks as are capable of supplying water for growing two crops of paddy or one crop of sugarcane in a year.

B Class lands mean-

- (i) Lands having facilities for assured irrigation from such Government Canals and Government Tanks as are capable of supplying water for growing only one crop of paddy in a year.
- (ii) Lands irrigated by such lift irrigation projects constructed and maintained by the State Government as are capable of supplying water for growing two crops of paddy or one crop of sugarcane in a year.

C Class lands mean-

- (i) Lands irrigated from any Government sources of irrigation, including lift irrigation projects constructed and maintained by Government other than those coming under A Class and B Class.
- (ii) Lands on which paddy crop can be raised or areca crop is grown with the help of rain water.
- (iii) Lands irrigated by lifting water from a river or Government canal or Government tank where the pumping installation or other device for lifting water is provided and maintained by the land owner.

Note:—

- (1) Lands having facilities for irrigation from a Government source where the system of water supply is suitable for growing only light irrigated crop namely, crops other than paddy and sugarcane shall come under this class.
- (2) Lands growing irrigated garden crop will come under Classes 'A', 'B' or 'C' as the case may be depending upon the source of irrigation and the system of water supply.

D Class lands mean- Lands classified as dry but not having any irrigation facilities from a Government source.

Note.—Lands growing paddy or garden crops not coming under A Class, B Class or C Class shall belong to this class.
