

## CHAPTER XI

### REVENUE ADMINISTRATION

**T**here was no uniform system of land revenue throughout India and almost each unit (region or State) had a different system, though they were influenced by the injunction of the Hindu texts on polity by Manu, Shukra, Kautilya and others. Each system of land administration is the result of a gradual process of evolution from indigenous practice and they have been moulded into their present shape by the Britishers to suit local circumstances in different areas. The present land revenue system of the State was first developed during the administration of Mysore by a British commission and the policy adopted was considerably influenced by the Bombay system of survey and settlement.

According to the description given by Manu of the fiscal administration of an ancient Hindu State, the main source of the state revenue was a share of the gross produce of all land varying according to the soil, irrigation facility and the labour necessary to cultivate it. In normal times the share varied between one-twelfth and one-sixth but was liable to rise even to one-fourth in times of war or other public calamity. The revenue was collected not from individual cultivators but from the community represented by the headman. Between the village headman and the king was a chain of civil officers consisting of the heads of single villages, and heads of units like the present hobli, taluk (*nadu*) and district. These were responsible for the collection of revenue for which they were remunerated in kind.

One-sixth of the crop has always been regarded by Hindu law-givers as the rightful share of the sovereign. This was subsequently converted into money payment, especially after Vijayanagara times. Fixed rules were established for such conversion based on the extent of land, the requisite seed and the value of the grain. The gross produce was distributed as follows: half for the expenses of agriculture and the maintenance of the farmer's family, 1/4 for the proprietor of the land, 1/6th for the king, 1/20 for the brahmanas and 1/30 for the gods. The shares payable to

brahmanas and gods were received by the sovereign and distributed by him so that the share actually received by the sovereign was equal to the share of the proprietor.

The system of administration further developed; revenues were first reduced to a regular form, regulated by ordinances and a system of accounts and management was introduced, calculated to improve the revenues gradually year after year without distressing the inhabitants. In respect of lands in parts other than woodland areas, regulations were framed to improve the revenue and Rayarekhas were published fixing the revenues, boundaries and duties and customs. Land marks on stones inscribed with writings or with symbols were erected on the boundaries of every village. They were called Linga Mudreya Kallu or Vamana Mudreya Kallu. A beautiful and huge representation of the latter is seen at the Huskur village of Anekal tq. Divisions and sub-divisions of territories who made a nomenclature to denote them was adopted for administrative purposes. The system of Barabaluti or Ayagars was established in all towns and villages and officers were appointed for the divisions and sub-divisions.

The extent of land was determined by the quantity of seed sown, and for land sown with one *kolaga* of seed the rent was fixed at rate varying from 3 to 10 kantirayi pagodas (one Kantiraya pagoda = Rs. 3) according to the nature of the soil. Land watered by *kapiles* was let for a money rent. With a view to encourage cultivation waste lands were let out first for small sums called *kala gutta* (term lease) for a term of years according to agreement, after the expiry of which they were located in the same way as cultivated lands. Gardens were considered as *niravari* or wet lands and the rent was collected in some cases from the soil and in other cases from a share of the produce. Lands were granted on the *kaul* on progressive system.

During the reign of Chikkadevaraja Wodeyar, a secure and prosperous State had been established. A number of financial changes were introduced with the object of increasing the revenue. A tax of two gold *fanams* per *kudu* was levied upon dry cultivation, while the produce of wet and garden lands was divided between the *raiya*s and the *sarkar*. The king appears to have fixed *kandayam* on lands and newly initiated several taxes called *bajebab*.

Haider Ali who was engrossed in wars and conquests followed generally the regulations formerly established and the peculiar customs and laws of the different provinces. A considerable check was exercised both on oppression and on defalcation of revenue by the appointment of Harikars in every taluk whose duty was to hear and report upon the complaints in revenue matters and also to report on waste lands. But Tipu Sultan, not approving of the old regulations introduced a new system. He divided the territory into *tukadis* (district) of 5,000 pagodas each and appointed officers for each *tukadi* for the collection, custody and management of revenue. Twenty or thirty *tukadis* were under an *asof*. The imposition of extra cesses and *pattis* were resorted to, both by Haider and Tipu to increase the revenue as much as possible. The system of farming out villages to the highest bidder was also

in vogue. Peasants were given kaul or security at the beginning of the year to encourage them to cultivate their lands.

Krishnaraja Wodeyar III's new administration commenced its proceedings by proclaiming an unqualified remission of all balances of revenue and the restoration of the Hindu rate of assessment on lands. The general tenure of land consisted in the right of a tenant and his heirs to cultivate a field as long as they paid the customary rent, the tenant having no right to alienate the land. When he ceased to cultivate it, the government was free to confer the land upon another. One of the steps taken by Dewan Purniah to systematise land revenue administration was a general *paimayish* or measurement of fields. The cultivators of dry lands paid a fixed assessment in cash, about 1/3 of the gross produce, and those of wet or rice lands made a payment nominally in kind, about one half of the crop. The system of renting out villages to the highest bidder was given up completely. The whole of the revenue was under *amani* management *i.e.*, under the direct management of the Government. There were the Subahdars (A provincial Governor) under whose control the Amils conducted the administration of the taluks. The taluks were divided into hoblis and each hobli was under a *parupathegar* who was assisted by *manegars* (accountants). The system inaugurated by Dewan Purniah was continued by Krishnaraja Wodeyar III. During the early days of the Commission, the Land revenue system was brought back as far as possible to the State in which it was left by Purniah. Money rents were lowered in all cases when they were fixed too high a rate; payments were made to the ryots by abandoning the system of exacting the *khist* before the crops were gathered and receiving it in five instalments fixed in the first instance by the ryots themselves at the time of the harvest. Batayi was converted into money payment. The result of these arrangements was that the revenue was collected without the least difficulty. These arrangements were in force until they were superceded by the new system introduced after survey and settlement.

No general revenue survey of lands appears to have been made prior to 1799; but immediately after the termination of the wars with Tipu, a general topographical survey was made by Col. Mackenzie, subsequently Surveyor General of India. The *pymayish* (measurement of land) taken by Purniah was very imperfect and with the lapse of time the records had become extremely defective. Though the value of a thoroughly scientific Revenue Survey and Assessment was realised even during the days of the Commission, a decision to introduce survey and settlement was finally taken in 1862. To quote 'Mysore Gazetteer' by Lewis Rice-- "In one taluk of the late Bangalore Division, there were reported to be 596 rates of assessment on dry land per *kudu* (land measure) for wet and garden lands, in one case the number of rates being 81 and in the other 451 on the *kudu* of 500 square yards of garden land".

In consequence of such capricious and intricate system of assessment all real power had passed into the hands of *shanbhogs* or hereditary village accountants, the recognised custodians of the records relating to the measurement and assess-

ment of lands. In addition to the discrepancies in the rate of assessments, the prevalence of the *batayi* system, unsatisfactory Inam holdings etc., it was well known that from the absence of any adequate check on unauthorised occupancy extensive frauds had been practised. To overcome these ills, L.B. Bowring, the then Commissioner after careful study chose to introduce the Bombay method of survey and settlement.

### Original Survey and Settlement

Survey and Settlement work in the area was conducted during 1871- 78. The actual assessment of each place of land was the result of three distinct operations. Firstly, lands were divided into fields and classified into dry, wet and garden. Secondly, the total demand for the area under settlement was fixed after an examination of the revenue and economic history of the tract. Thirdly, the aggregate demand was distributed over the individual survey numbers according to the soil classification value. For this purpose every variety of soil was grouped under one of the nine classes. In the case of irrigated wet and garden lands, in addition to soil classification, water supply was also taken into consideration-the soil and water class conjointly afforded an index to the value of the field. When all the fields into which each village was divided has been classified, the taluk was ready for settlement. The maximum assessment to be levied on each class of cultivation in a group was then fixed. After determining the total assessment for the group of villages, the maximum assessment for each class of cultivation was calculated by converting all land into the equivalent extent of the 16 anna land. Once the maximum rate was fixed, the rates for individual fields were calculated having regard to their value in the anna scale. This system was popularly known as the empirical system as the determination of assessment was based to a large extent on the subjective impression of the settlement officer. The rate of assessment fixed as a result of the survey and settlement were guaranteed for a period of thirty years and only wet and garden lands were reclassified during the revision survey. These principles of settlement were incorporated in the Mysore Revenue Code of 1888.

There were numerous land tenures that were prevailing since the commencement of the nineteenth century. However the general system of land tenure in the district was Ryotwari under which small individual holdings were held by the *ryots* direct from the Government. All cultivated lands were usually classed as either dry (*kushki*), wet (*tari*) or garden (*bagayat*). The revenue paid by the cultivator was determined by the class of soil and the kind of cultivations.

It may be noted that at the time of the original settlement and even when the first settlement took place, Bangalore taluk stood as a unit which was afterwards bifurcated into taluks of Bangalore North and Bangalore South with the addition of some villages from the neighbouring taluks. Anekal taluk as it stands today covers the old jurisdiction of Sarjapur tq and the newly added 13 villages from Hoskote taluk. Over and above some enclave villages from Hosur taluk of Salem district of Madras State are transferred to it under the exchange-Provinces and States (Absorption of Enclaves) Order 1950.

At the time of the first Revision settlement operations, the territorial coverage more or less remained the same. Bangalore taluk consisted of 325 villages including 10 villages of the military and civil station area for which a separate revision report in 1906 had been prepared. Out of these villages only 291 villages remained in Bangalore taluk and the remaining were transferred to the neighbouring taluk (17 to Channapatna, 12 to Magadi, 4 to Nelamangala and 2 to Hoskote). The maximum rates fixed for dry, wet and garden crops and the group-wise number of villages determined at the time of the original settlement is given in the adjoining table.

#### Original settlement of Bangalore Dt.

Taluk	No. of villages	Groups	Year	Maximum rate (in Rs) per acre.		
				Dry	Wet	Garden crops.
Anekal	184	I	1891-92	2.50	8.00	12.00
		II		2.25	8.00	12.00
Bangalore	323	I	1872-77	2.75	9.00	16.00
		II		2.50	9.00	16.00

#### Revision settlement of 1964

After Reorganisation (1956), the Mysore Land Revenue Act and Rules were brought into force on 1st April 1964. The Government under Section 114, directed for revision settlement of land revenue in various areas of the State. The new system differed from the old system in several aspects. The unit of measurement which was previously a taluk was enlarged into a Zone, which is a local area comprising of a taluk, or a group of taluks of one or more districts, contiguous and homogenous in respect of physical configuration, climate and rainfall, principal crops grown and soil characteristics. Each zone was further divided into groups on the basis of configuration, climate, principal crops, soil characteristics and also the yield and price of principal crops.

Classification of land is an important aspect of survey settlement where each field is accurately measured. In case of dry class of land, only the quality and depth of soil is the important factor to decide the fertility of this type of land; for wet and garden lands both the fertility of soil, facility of water (irrigation or rain), location with reference to markets and communication and standard of husbandry is taken into consideration. A maximum assessment which is called a 'standard rate' is fixed for each class of cultivation in a group. Likewise each field within the group is, then assessed on the basis of the relative factor mentioned above.

The present procedure is, lands that are in receipt of water from a source which is the property of the State Government have been assessed at dry rate of assessment and in addition water rates applicable to crops are being levied under the Karnataka Irrigation (Levy of Betterment Contribution and Water Rates) Act, 1957. The lands where the wet or garden crops are being grown with the help of water which is not the property of the State Government are being levied at consolidated wet or garden rate of assessment equivalent to 4% of cash value of average yield of crop grown on them.

Section 118 of the Karnataka Land Revenue Act lays down that the Settlement Officer shall submit to the Deputy Commissioner the settlement report containing the proposals for the settlement. The Deputy Commissioner shall cause such reports to be published in the Official Gazette. He shall also publish in each village concerned a notice stating for each class of land in the village the existing standard rates and the extent of any increase or decrease made therein by the settlement officer. The aggrieved persons may submit to the Deputy Commissioner their objection in writing to the proposals contained in the settlement report within three months from the date of such notice. After taking into consideration such objections, the Deputy Commissioner shall forward to the Government the settlement report with the statement of objections and their remarks thereon.

The settlement report together with the objection received thereon has to be laid before each house of the legislature and after both houses approve the report, the State Government pass orders in conformity with the resolution made by both the Houses and this is not to be called into question in any court.

Thereafter the standard rate for each of the several groups in the zone shall be published in the official gazette specifying the date from which land revenue based on these standard rates shall be levied. Such notification shall also be published in the *chavadi* of each village indicating the standard rate applicable to such village and the date from which land revenue shall be levied at such rate.

### **Standard Rates**

Under the Land Revenue Act of 1964, standard rate is the value of four per cent of the average yield of crops per acre on that class of land which has a hundred percent soil classification value. While arriving at the standard rates, the exact share of the gross yield of a particular zone, developments in communications, standard of husbandary, livestock position, rainfall data for the last thirty years, crop cutting experiments of the principal crops during the first ten years etc., is taken into consideration. The standard rates so arrived at by the Settlement officers does not exceed four per cent of the average gross yield of the principal crops. These rates along with the settlement reports with the opinion of the Deputy Commissioner of the district are forwarded to the Government through the Commissioner for Settlement for approval.

The standard rate for dry, wet and garden crops in the district (as per 1964 report) are detailed in the statement.

Name of the Taluk	Zone	Group	No. of villages in each group	Standard Rule		
				Dry Rs. P.	Wet Rs. P.	Garden Rs. P.
Bangalore North	IX	I	241	3.36	9.73	10.24
Bangalore South	IX	I	244	3.36	9.73	10.24
Anekal	IX	I	224	3.36	9.73	10.24

### Water rates

At the time of the Reorganization, each of the merging areas had its own set of irrigation rules. Though the uniform Mysore Irrigation (Levy of Betterment Contribution and Water Rate) Act was introduced in 1957, the Mysore Irrigation (Levy of Water Rate) rules came into being only in 1965. The Government irrigation sources are canals from 1) Government Works ii) Government tanks (iii) Other sources under the control of Government like pick-ups, jungle streams, ponds, *talapariges* (natural springs) etc. Water rates are leviable on lands irrigated by all the Government sources of irrigations as well as lands irrigated by private canals drawing their water from Government source. The present position is that water rate is leviable on the water used for the purposes of irrigation or any other purpose from any work belonging to or constructed by or on behalf of the Government and on the use of water from any such work either by direct flow or by percolation. The schedule of rates prescribed under the Water rate rules is graded according to the crop grown. Two schedules of water rates were previously prescribed one for land falling under irrigation projects with a command of less than 100 acres and the other for irrigation projects with a command of more than 100 acres, the latter being higher.

Rules relating to water rates issued in 1965 are expected to cover the cost of the maintenance of the irrigation project and if possible reimburse to the Government debt charge and overhead expenses. The rules of water rates were given effect to from 1965 with an enhanced water rate of 33 1/3 per cent. Various amendments were issued between 1972 and 1981 and the rates fixed were as follows (in Rs. per acre): Sugarcane (12 months) 150, sugarcane-(13 to 18 months) 225, paddy-48, wheat-24, jowar 24, groundnut 24, cotton 48, maize, *ragi*, *navane*, *sajje*, greengram, sweet potato, tobacco and coriander 24, pulses 18, manurial crops 9 and garden crops 50.

### Land Revenue Accounts

On completion of the settlement operations, the Survey and Settlement department prepares a register called the Settlement Register showing the area

and assessment of each survey number, uncultivated area together with the name of the registered occupant of such survey number known as the *pahni sud*. It also prepares another register of survey numbers showing the total area under each head - arable and unarable, dry, wet and garden land in detail, its rate per acre, assessment of each land and the total assessment fixed on the entire survey number. This is known as *akarband*. On receipt of this the village accountants are expected to prepare the *khetwar* or Index of land.

On the basis of the *khetwar* register, the village accountant proceeds every year to record the actual state of all lands in the village. It is an important revenue record as it contains all possible data relating to the land held, area, assessment, classification of land, water rate, nature of tenants rights, details of crop grown etc. It is a combined document of rights, tenancy and crops. All changes in the rights are incorporated in the register after they are reported and scrutinized by the competent officer. The original record of tenancy and crops is rewritten once in five years. The *khatha* register which is a basic record containing entries with reference to the RTC khirdi (day book) and receipt book and the debit entries relating to the land holder with liabilities to pay land revenue, upset price or conversion fine and other fines, is opened on the first of July every year. The Village Accountant has to acknowledge all the amounts realised by him in the receipt book in the authorised forms. He has to prepare a monthly demand, collection and balance statement in the prescribed form and submit it to the taluk office on the first of every month. The register of demand and collection of land revenue, miscellaneous revenue or cesses etc., has to be closed at the end of the year (*i.e.*, on 30th June) and on the basis of this register, the annual accounts of the village under each item of revenue should be finalised.

### **Jamabandi**

The system of Jamabandi, the main object of which was to review the Revenue Administration of each village were in vogue in all the areas of the State. Its prime object was to tone up the administration at the Government level, monitor the progress of development schemes aimed at uplifting the weaker sections of the society etc. Jamabandis are of two types-Dittum Jamabandi and Huzur Jamabandi.

*Dittum Jamabandi:* Dittum Jamabandi which is conducted by the Tahsildar consists of the preliminary exercise done by the Taluk Office staff *i.e.*, reconciliation of accounts, when the DCB for the preceding year is thoroughly scrutinised and balance arrived at and preparation of annual statements after a detailed scrutiny of the village and taluk register and accounts. The Tahsildar will check and certify the correctness of the accounts and of the registers and will also look into matters of socio-economic programmes in the taluk.

*Huzur Jamabandi:* The annual jamabandi settlement is the most important revenue work conducted by the Deputy Commissioner or the Assistant



Commissioner or any other officer appointed for the purpose between October and December to verify and settle the village accounts of the previous year and to determine the land revenue and other dues for the current revenue year. It is more or less an audit of the accounts of the previous year and partly an inspection to see whether the accounts of the current year are up-to-date. The ryots are apprised of the date of the Jamabandi so that they can avail themselves of the opportunity to make representations if any to the Jamabandi officer who can dispose off the cases and redress grievances of the public then and there. A copy of the report so made by the Jamabandi officer should be forwarded to the Government (Revenue Department) within fifteen days of the Jamabandi.

### **Realisation of Land Revenue**

Payment of Land Revenue was a paramount charge on the land and every holder of land was liable to pay it according to the Land Revenue Act of 1964. In the case of unalienated land, the occupant and in the case of an alienated land, the superior holder shall be primarily liable to the Government for the payment of land revenue including all arrears. The collection of land revenue and other dues commence from the 1st of January and conclude on the 30th of June every year. The period is called the *kist* period or the collection season. Land revenue is payable in four equal instalments from January to April of each year and it should be paid by the 20th of each month. Any instalment of land revenue or part thereof which is not paid on the date prescribed shall become an arrear of land revenue and the person, a defaulter. A certificate of account certified by the Deputy Commissioner or Assistant Commissioner at the time of the Huzur Jamabandi shall be conclusive evidence of the areas of land revenue of its amount and the person who is the defaulter.

The process of recovery begins with the issue of demand notice by the Village Accountant during the month of January each year which will be served on the defaulter. If after seven days the amount is not realised, the matter will be brought to the notice of the Tahsildar to obtain orders to attach the defaulter's moveable property as prescribed in the Karnataka Land Revenue Rules 1966. If the proceeds of the transaction is insufficient for the recovery of an arrear, the Tahsildar, may in addition cause any immovable property to be attached and sold.

All rents, royalties, water rates, cesses, fees charges, premia, penalties and fines due to the State Government for use or occupation of land, water or any produce of land constitute the public demands and shall be recoverable as an arrear of land revenue. The legal sanctions available for recovery of land revenue were practically the same throughout the State even before integration when the Bombay Land Revenue Code of 1879 was operative in the area.

**Statement showing the Demand, Collection and Balance of revenue in the district including loan due.**

**Taluk-wise DCB for the year 1988-89 of Bangalore District.**

(Rs. in lakhs)

Taluk	Demand	Collection	Balance.
Bangalore North	11.91	6.10	5.81
Bangalore South	11.95	9.05	2.90
Anekal	54.73	24.21	30.52
<b>Total</b>	<b>78.59</b>	<b>39.36</b>	<b>39.23</b>

**District Total of DCB for the years 1986-87 to 1988-89**

(Rs. in Lakhs)

Year	Demand	Collection	Balance.
1986-87	167.78	114.49	53.29
1987-88	1117.30	393.14	724.16
1988-89	1340.27	729.95	610.2

(These include land revenue, irrigation and maintenance cesses, loans and other dues under miscellaneous heads).

### Remissions

There were no specific rules for suspension and remission of land revenue prior to the 20th century except when the royalty or the administration was convinced about the failure of crops and the ryots inability to pay. This was mostly discretionary. Under the British too, it was considered unnecessary to provide for relief when crops fail or the yield is low. But on the recommendation of the Famine Commissioner in 1901, some provision was made for suspension of remissions. The recovery of suspended land revenue depended on the character of the seasons following that in which the assessment has been suspended. Accordingly, remission of suspended assessments in excess of two years revenue was ordinarily remitted by the Deputy Commissioner in certain proportions prescribed under the Land Revenue Rules when there was a partial or total failure or destruction of crops throughout any tract on account of drought or any other cause, the relief, was by way of suspension in the first instance. The full amount of land revenue was suspended when the estimated yield was less than 25% and only half the land revenue was suspended when the estimated yield was less than 37½%. No relief was given when the estimated yield is more than 50%. The suspended arrears were collected in full when in one of the three succeeding years the crops were good and

valued at more than 75%; half the suspended amount was collected in such of these succeeding years in which the yield is more than 50% but less than 75%. No collection of suspended amount of the previous years was made in a season for which the estimated yield was less than 50%.

### LAND REFORMS

At the time of the formation of the new Mysore State in 1956, different tenancy acts were in force in the various areas. In order to have a comprehensive legislation for the whole of the State, a new law called the Mysore Land Reforms Act 1961 was enacted. This Act which came into force on 2.10.1965 introduced common tenancy and ceiling law throughout the State. It underwent drastic changes and the amended Act came into force from 1st March 1974. The Karnataka Land Reforms is a major policy decision designed to give reality to the slogan 'Land to the Tiller'. It is considered to be the most revolutionary measure in the history of agrarian reforms. It has put a ceiling limit on the land to be held by each family. It has also reduced the size of the family by redefining the term. Persons with an annual income exceeding Rs. 12,000 from non-agricultural sources, companies, associations and co-operative societies are barred from acquiring lands in future except under specified conditions. Under the amended law popular Court or People's Courts (Tribunal) were created for each taluk during 1975. Land (Revenue) Tenure cases pending under the various Inam Abolition Acts were disposed off. Further, no tenancy could be terminated merely on the ground that its duration whether by agreement or otherwise has expired. Tenants who were cultivating the lands prior to 10th September 1957 but who had also been dispossessed either by surrender or eviction were entitled for restoration or possession. Lands in excess of 27 standard acres in the case of existing holdings were to be treated as surplus lands and vested with the Government. The ceiling for future holdings was limited to 18 standard acres. The Karnataka Land Reforms Act of 1961 also provides for conferment of occupancy rights even on homestead dwellers who have occupied bits of private land for residential purposes. A separate Cell to assist tenants legally and financially has also been created wherein a Special Officer goes round the taluks; hears grievances, collects applications, processes them and entrusts them to the advocates for legal remedy.

While the Land Tribunals constituted under the Land Reforms Act were also entrusted with the work of deciding the claims of tenants under the Mysore (Personal and Miscellaneous) Inams Abolition Act 1954, the Mysore (Religious and Charitable) Inams Abolition Act 1977. The Land Reforms Cell in the Revenue Department deals exclusively with the writ petitions filed against the orders of the Land Tribunal orders and writ petitions against the order of the authorities under the Inams Abolition and Hereditary Village Officers Act. Land Reforms Writ Petitions Cell has made arrangements for defending the interest of the State as well as Land Tribunals in most of the cases. In addition wherever the interest of the State is affected, the State itself has *suo-moto* filed writ petition.

### **Abolition of Tenancy**

All leasing of agricultural lands have been abolished except in cases of soldiers and seamen who are eligible to resume land under certain circumstances. The Land Reforms Act applies only to agricultural lands and does not apply to lands classified as non- agricultural as defined therein. The law permits land to be held by those who are carrying on personal cultivation *i.e.*, to cultivate on his own account, by one's own labour and paying the wages in cash or kind but not by crop sharing and supervision. If any person contravenes the provisions of law, he stands to lose the land by forfeiture to Government without any compensation. The resumption of lands by the land lord have been completely eliminated.

*Consolidation of Holdings:* To rectify the effects of excessive fragmentation of lands which has taken place on account of the law of succession on economic necessities, a uniform measure to evolve methodical consolidation and for the prevention of Fragmentation and Consolidation of Holdings Act, 1964 was adopted. As per the provisions of this Act, a holding of lesser extent than the appropriate standard area determined under Section (3) of the Act which is not profitable for cultivation is considered a fragment. The unit of standard minimum area varies from half an acre to four acres according to the classification of the lands. Also, any unit of land which is not profitable for cultivation is regarded as a fragment. No person can dispose of such a fragment to any one other than the contiguous holder. It cannot be even divided or partitioned. In addition, the Act provides for consolidation of scattered bits in a holding. In the scheme of consolidation, there is no provision for compensation to the owner. Every person to whom a holding is allotted according to the consolidation scheme gets a certificate without any stamp duty or registration fee.

### **Land Tribunals**

Section 48 of the Karnataka Land Reforms Act, 1961 provides for constitution of land Tribunals one each for every taluk consisting of four members nominated by Government plus the Assistant Commissioner as the Chairman and the Tahsildar concerned as the Secretary of the Tribunal. Section 48-A provides for the enquiry of the application filed by persons within the specified time of six months from 1st March 1974, claiming occupancy rights. Cases are decided by a majority vote and the quorum is a minimum of three but there will be no quorum without the Chairman. The law declared that the order of the Tribunal was final and initially no legal practitioner was allowed to appear in any of the Tribunal's proceedings. The Land Tribunals are to make necessary verification or hold an enquiry and pass orders in cases relating to registration of a tenant as occupant, to decide whether a person is a tenant or not, to grant surplus land, other than plantations, and to perform such other duties imposed on them under the provisions of this Act. Presently Land Reforms Appellate Authority has been formed in each district of the State with effect from 26th May 1986 under Section 116(A) of the Land Reforms

Amendment Act 1986. All cases that were previously pending in the High Court have been transferred to this Authority.

**LAND TRIBUNALS IN BANGALORE DISTRICT**  
(Position as on January 1990)

Particulars	Anekal Taluk	Bangalore North	Bangalore South
1. No. of cases admitted to the land Tribunal	4,450	3,884	5,600
2. No. of cases settled in favour of			
a) tenants	2,106	1,137	1,772
b) Landlords	2,344	2,747	3,828
c) Rejected	-	-	-
3. No. of cases referred to High Court by			
a) Land Tribunal	-		51
b) Tenants	146		218
c) Land Lords	259		233
4. No. of cases pending in the High Court	210	216	180
5. Total area of land allotted to Tenants	3,864 ac. 9 g.	4,093.0 ac.	3,388.09 g
6. Land allotted to			
a) S.Cs	separately NA	separately NA	1,031 ac. NA
b) S.Ts	"	"	"
7. Surplus land available for distribution	Nil	-	-
8. No. of recipients of land			
a) SCs & ST	1,348	91	-
b) others	808	88	-
9. Extent of land made available	1,450 ac. 29 g.	492 ac.	507 ac.

### District Land Reforms Appellate Authority

In the Karnataka Land Reforms Act 1961, there was no provisions for preferring an appeal against the order passed by the Land Tribunals. The High Court of Karnataka therefore observed that the disposal of cases by the Land Tribunal is not satisfactory and to facilitate proper adjudication of dispute, a provision in the Act for preferring an appeal is desirable. In view of the High Court's decision, the Government felt it necessary to amend the Act and accordingly the Karnataka Land Reforms Amendment Act 1986 was introduced from 6-12-1985. Subsequently Land Reforms Appellate Authorities have been constituted in all the districts of the State including Bangalore district comprising of a Civil Judge called as Judicial Member and an officer in the cadre of Deputy Commissioner as Revenue Member. The Appellate Authority has jurisdiction over Bangalore North taluk, Bangalore South taluk and Anekal taluk. On every decision or order passed by the Land Tribunal, under the Karnataka Land Reforms Act, after the commencement of this Amendment Act 1986, an appeal shall lie to the Appellate Authority

relating to tenancy issue only. This Appellate Authority has no jurisdiction to entertain appeals against the order of the Land Tribunal passed before 5-12-1985. Both the Judicial Member and Revenue Member shall hear the cases and dispose of the appeals. In case of any difference of opinion, among the members or any matter in an appeal, the judicial member will place the papers before the Principal Civil Judge having jurisdiction over the area and he shall hear on that point only. Such point shall be decided according to the opinion of the majority including those who first heard it. A revision lies to High Court against the judgement of Appellate Authority.

The main object of the function of the Appellate Authority is to set right the wrong or illegal decisions regarding tenancy matters of the Land Tribunals and to see that proper justice is administered in accordance with the object of the Karnataka Land Reforms Act.

Statement showing the number of cases referred, decided and balance as on 30-4-1989 in the District Land Reforms Appellate Authority, Bangalore District, Bangalore.

No. of cases transferred from the High Court: 664; No. of appeals filed before this Authority upto the end of April. 81: 351 Total No. of appeals disposed off by this Autho-upto April 1981: 296; and Balance as on 30-4-89: 719.

### **Land Acquisition**

Whenever it appears to the Government that land in any locality is likely to be needed for any public purpose, a notification to that effect shall be published in the Official Gazette and the Deputy Commissioner of the district shall cause public notice of the substance of such notification to be given at convenient places in the said locality. The Karnataka Land Acquisition Act (Central Act I of 1894) as extended to Karnataka under the Land Acquisition (Karnataka Extension and Amendment) Act, 1961 is the basic law governing acquisition of land by Government for a public purpose. The Deputy Commissioner shall therefore cause the land to be marked out, measured and a plan also to be made. Claims for compensation for interest in such lands may be made to him. Such notice shall state the particulars of the land so needed and shall require all persons interested in the land to appear personally or through an agent before the Deputy Commissioner at a time and place therein mentioned and to state the nature of the respective interest in the land, the amount and particulars of the claims to compensation for such interests and their objections to the measurements made etc.

After scrutiny and hearing the aggrieved, the Deputy Commissioner under Section 11 may pass an award and take possession of the land which shall thereupon vest absolutely in the Government free from all encumbrances. Any objector who has not accepted the award made may by written application to the Deputy Commissioner require that the matter be referred by the Deputy Commissioner for the determination of the Civil Judges Court (Reference Court) whether his

objection to the measurement of the land, amount of compensation, the person to whom it is payable, the apportionment of the compensation among the persons interested etc. Against the award of the Civil Judge, appeal lies to the higher courts. The Land Acquisition (Amendment) Act 1984 has introduced a provision regarding approval of awards in the Land Acquisition Act 1984. The monetary limits to approve awards now are, the Deputy Commissioner Rs. 10.00 lakhs, Divisional Commissioner upto Rs. 20.00 lakhs and State Government above Rs. 20.00 lakhs.

### **Disposal of Government Lands**

Before Independence there was no definite land grant policy as such. Large tracts of land used to be vacant and uncultivated land was given away as reward for some service and also lands used to be given by way of public auctions. Extension of cultivation was the sole objective. After Independence, there was recognition that social justice should be one of the objectives governing the disposal of Government lands. Land Grant Rules in the various areas were amended from time to time to ensure social justice and weaker sections, landless persons and insufficient holders began to get preference. In 1960, an attempt was made to introduce a common pattern of land grants throughout the State of Karnataka. In 1968 Land Grant Rules were framed and enforced replacing the 1960 Rules, but these were quickly replaced again in 1969. The new 'Karnataka Land Grant Rules, 1969' were framed under Section 197 of the Karnataka Land Revenue Act, 1964. These rules came into force with effect from 3-6-1969. After 1977, the Karnataka Land Grant Rules 1969, have been amended several times. Accordingly, Tahsildars are entrusted with the responsibility of preparing the list of lands available for disposal and reservations fixed in the following proportions. Ex. Servicemen 10%, SC & ST 50%, political sufferers 10% and others 30%. Order of priority for granting lands are-landless persons, insufficient holders, landless persons in the neighbouring villages and others. Lands granted for agricultural purposes shall not be alienated for 15 years and shall be brought under cultivation within three years of taking possession. Grantees shall personally cultivate the land granted and it shall be used only for the purpose for which it is granted. Tahsildars are responsible for receipt of land grant application, their scrutiny, enquiry and then grant of land or submission to the concerned higher authority.

### **Religious and Charitable Institutions**

The Department of Religious and Charitable Endowments has been established after the formation of the State of Karnataka from 1-11-1956. There are three types of institutions-major muzrai institution, minor muzrai institution and the village institution. Muzrai establishment fund contributions are collected from major and minor muzrai institutions at the rate of 8% and 5% respectively on their income.

As per the provisions of the Mysore (Religious & Charitable) Inams Abolition Act 1955, all donated Inam lands of the temple are vested with the Government

with effect from 1-7-1970. Having lost the Inam lands the institutions are entitled to an allowance called 'Tasdik' which is paid taking into account the average of five years annual income. The number of institutions entitled for Tasdik in Bangalore District is 3,113. Under the Act of 1974 the Religious and Charitable Institutions which have lost their lands under the provisions of the Karnataka Land Reforms Act of 1961 are being paid annuity in place of land lost by them. The annuity amount is being fixed at ten times the land revenue plus water rate. This amount will be paid annually to the Institution whose number is about 203 in Bangalore district. This provision has been omitted in 1979. Revenue collection under Religious and Charitable Institutions in Bangalore District-for the years from 1984-85 to 1988-89. 1984-85-Rs. 1,04,323.00; 85-86-Rs. 1,17,534.00; 86-87-Rs. 1,50,746.00; 87-88-Rs. 3,00,742.00; and 88-89-Rs. 3,24,961.00

### TAXES OTHER THAN LAND REVENUE

The principal instruments of direct taxations were land revenue and Agricultural Income Tax. The Land Revenue which was once a major source of revenue for the Government has now lost its weight in the State taxes. Land revenue as it appears now does not reflect current productivity. Agricultural Income Tax also in the district has not been enough to match the relative increase in revenue from other State taxes. Due to important structural changes in the pattern of State tax revenues, indirect taxes occupy an important place. Chief among them are discussed hereunder.

#### Commercial Taxes

The Commercial Taxes Department is a major contributor to the State under the state tax revenues. It administers as many as eight taxes coming under the various Acts. They are: 1) Karnataka Sales Tax Act, 1957; 2) Central Sales Tax Act, 1956; 3) Karnataka Entertainment Tax Act, 1958; 4) Karnataka Agricultural Income Tax Act, 1957; 5) Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976; 6) Karnataka Tax on Luxuries (Hotels and Lodging Houses) Act, 1979; and 7) Karnataka Tax on Entry of Goods into Local Areas for Consumption, use or sale therein.

*Sales Tax:* Two enactments cover sales taxation in the State of Karnataka. They are, Karnataka Sales Tax Act, 1957 and Central Sales Tax Act, 1956. The second enactment authorises the States to collect and retain tax on sale or purchase of goods within their respective jurisdiction, in the course of inter-state trade or commerce. The scheme of sales tax now prevailing is a combination of single point and multi-point taxation. Single point levy is payable on specified items, on all other items except those which have been specifically exempted is levied a multi-point tax. A single point levy is imposed at only one specified stage which may be first sale, first purchase or last purchase. The dealers at intermediary stages are not taxable. The rate of single point tax ranges from 1% to 200%. All goods which have not been subjected to single point tax and which have not been exempted



specifically are subjected to multi-point levy *i.e.*, tax is levied at every stage at which it passes through the hands of a dealer liable to tax. In addition to sales tax, be it multi-point or single point, surcharge at 10% of sales tax and turn-over tax at 1/2% of the turn-over of a dealer where total turnover exceeds Rs. one lakh in a year are leviable. Under the Act w.e.f. 1st April 1984 a dealer whose annual turn-over was Rs. 50,000 and more was required to register himself by paying a registration fee of Rs. 200 and taxable minimum was fixed at Rs. one lakh and the dealers whose total turn-over in a year was Rs. one lakh or more were liable to tax on their taxable turn-over. The turn-over limit for liability for registration and the registration fee were enhanced to Rs. 75,000/- per annum and Rs. 250 per annum respectively with effect from 1st August 1985 and the date fixed for payment of advance tax was preponed to 20th of each month instead of 25th as previously practised.

The dealers whose total turn-over did not exceed Rs. 1.50 lakhs and who were not dealing with goods as first sellers or who were not registered under CST Act 1956 were allowed to pay tax at their option at slab rates specified in Section 17 of the Karnataka Sales Tax Act, 1957. As per the separate composition scheme which is made available to the hoteliers they were allowed to pay tax at slab rates specified therein. The limit of total turnover which was upto Rs. 2.50 lakhs per annum with effect from 1st April 1983 for exercising option under the composition scheme for hoteliers was subsequently raised upto 7.50 lakhs per annum with effect from 18th November, 1983, for dealers other than hoteliers the limit for the composition scheme was enhanced upto Rs. 5.00 lakhs per annum.

A surcharge on sales tax at 10% was introduced from 27th March 1979. A new levy of 10 per cent Rural Development Cess on the basic rates of sales tax was introduced from 1st April 1984. But from 1st August 1985, development cess at 30 per cent on basic sales tax was levied merging surcharge and Rural Development Cess. Revised basic tax rates ranging from 3 per cent to 200 per cent were levied merging development cess from 1st April 1986. Transfer of property in goods whether as goods or in any other form involved in works contracts, hire purchase and leases was brought under the levy of sales tax from 1st April 1986. Lottery tickets too were brought under levy of sales tax at 10 percent at the first sale point on the same date.

2) *Entertainment Tax*: Entertainment tax was first introduced in the State under the Mysore Amusements Act of 1932. Initially the word entertainment included all items like dance, music, circus, magic shows, sports events, horse racing, exhibition apart from Cinematographic shows. In 1958, a uniform Mysore Entertainments Tax Act was introduced to cover the entire State after Reorganisation. The Department of Commercial Taxes took over the administration of this Act from 1st January 1959. Both the Act of 1932 and the Act of 1958 levied tax on all forms of entertainment except dramatic performances. From 1966 onwards coverage was restricted to cinema shows and horse races. In addition to Entertainment Tax which is based on the price of the ticket, there is a show tax at a flat rate

per show. A surcharge of 25% on Entertainment Tax and show tax was introduced in 1962. In 1966 this surcharge on Entertainment Tax was raised to 50%. The surcharge on show tax was incorporated in the show tax itself when the rates were raised in 1966. From 1st July 1982, the tax on admissions was enhanced by abolishing additional tax and the rates of tax levied under this Act ranged between 30% to 50%. A surcharge of 100% of the entertainment tax was also levied. Show tax as applicable to theatres paying tax as per the composition scheme ranged between Rs. 20 to Rs. 50 per show.

The scheme of composition available to cinema theatres was revised during 1982-83 and the rates of tax required to be paid under the revised scheme are-a) theatres located in places having a population upto 15,000 it is 15% of the gross collection capacity and b) theatres located in places having a population between 15,000 and 25,000-it is 25 per cent of the gross collection capacity on the basis of the actual number of shows conducted with effect from 15th February 1986. Further categorization was made and the percentage of the gross collection ranged from 20 per cent to 35 per cent. Films made in Kannada, Kodava, Konkani and Tulu produced both inside and outside the State were exempted from entertainment tax upto 50% from 1st January 1983.

As per Section 4-B of the Act, those conducting video shows have to pay tax at the rate of Rs. 1,000 per month irrespective of the number of shows are conducted. Entertainment tax which was levied on certain specified games like Cricket, Tennis and Hockey was deleted from 1st April 1984.

3) *Agricultural Income Tax*: No amount is realised from the district from this tax.

4) *The Karnataka Tax on Profession, Trades, Callings and Employments Act, 1976*: State Governments derive the powers to levy a tax on professions, Trades, Callings and Employments in accordance with entry 60 of the State list. Until 1976, Tax on Professions, Trades, Callings and Employments was being levied and collected by the local authorities. Under the Karnataka Tax on Professions, Trade Callings and Employments Act, 1976, the State assumed the power to levy this tax. Assessees are classified into salary and wage earners and self-employed persons engaged in various professions, dealers as defined in the Karnataka Sales Tax Act, Partnerships etc. In the case of salary and wage earners, tax is levied on persons with basic salary/ wages of Rs. 1,200 per month and above from 1-4-1983 and it is deducted at source every month. From Professionals like medical practitioners, legal practitioners, technical consultants it is levied on the basis of their standing and place of practising their professions; for the registered dealers registered under the Karnataka Sales Tax Act it is according to their annual turnover. Tax has to be paid by them at the rates fixed annually before 30th April.

With effect from 1st August, 1985, the dealers registered or liable to be registered under the Karnataka Sales Tax Act, 1957 whose turnover is not less than Rs. 75,000 are required to pay profession tax of Rs. 250 per *annum*. Besides, the

following have been brought under the net of Profession Tax Act from 1-8-1985 and they are required to pay profession tax at the rate of Rs. 250 per *annum*. Photo laboratories, film processing laboratories, photo studios, nursing homes x-ray clinics, pathologists, testing laboratories and hospitals not run by the State or Central Government, beauty parlours, dry cleaners, interior decorators, films distributors, travel agents, journalists etc.

5) *The Karnataka Tax on Luxuries (Hotels and Lodging House) Act 1979*: This act came into force from 1st June 1979. The law provides for levy of tax in respect of any luxuries provided in the hotels to any persons at the following rates-a) Where the charge for lodging a person per day are Rs. 30 or more but does not exceed Rs. 50 it is 5% of such charges; b) between Rs. 50 and Rs. 100, it is 7½% of such charges; c) where it exceeds Rs. 100 it is 10% of such charges. From 1st August 85 these rates were revised as follows: a) Where the lodging charges per room per day is between Rs. 50 to Rs. 150-tax levied is 10% of such charges; b) between Rs. 150 and Rs. 250-15% of such charges. c) if it is more than Rs. 250 per room per day, 20% of such charge is collected as tax.

6) *Entry Tax*: Octroi had been the main source of revenue for the local authorities. There were octroi check posts at the outskirts or at the limits of the various municipalities to check the incoming vehicles carrying the goods liable for octroi. Octroi was collected at the various check posts on the goods entering the local areas. Octroi levy was abolished in Karnataka from 1st April 1979 due to overwhelming resentment among traders and transporters. To compensate the loss of revenue to the local bodies, the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979 was introduced. It included a levy of 10 per cent surcharge on KST, levy of entry tax ranging from 1 to 2 % on cotton textiles, tobacco, and its products and sugar as these commodities were subjected to only additional excise duties instead of sales tax and levy of surcharge on Motor Vehicles Tax. During the year 1982-83, this levy was extended to 13 more items. The rate of tax was also increased from 1 to 2% in respect of tobacco and its products and sugar. Textiles and non-levy sugar was raised from 1% to 2%. From 1st April 1983, some 10 commodities as listed in the Act were subjected to levy of Entry Tax. From 1st August 1985 the turnover limit for registration under the Entry Tax Act is the same as that prescribed for registration under Karnataka Sales Tax Act. The dealers registered under KST Act are exempted from payment of registration of renewal fee under this Act

*Betting tax*: Under the present law there are two taxes on betting-1) Book makers tax and 2) Totalizator tax. Betting tax is levied on all bets laid with book makers by the punters at the rates fixed by the Government from time to time and paid by the punters to the book makers. The book makers are liable to collect the betting tax at the prescribed rates and remit the collections thus made to the Turf Club. Totalizator tax is levied on bets with totalizators at the rates fixed by the Government and the price of the totalizator ticket is inclusive of the tax. Tax is

deemed to have been paid by the punters when they purchase the ticket. The Turf Club collects the tax on behalf of the Government.

The Mysore Betting Tax Act 1932, administered by the department with effect from 14-1-1982 was being administered by the Revenue Department previously. From 1st April 1987, common totalizator and betting tax were brought into force at the rate of 15% on on- course meetings, 10% on off-course meetings and 15% on Gymkhana races. Both the above taxes are being levied not only on races held in Bangalore but also on bets accepted in Bangalore on races held at Bombay, Poona, Madras, Ooty, Calcutta and Hyderabad.

Statement showing the revenue realised by way of gate collections and other taxes for the past five years.

(Rs. in Lakhs)

Particulars	1984-85	1985-86	1986-87	1987-88	1988-89
1. Entertainment Tax (Racing)	21.96	21.27	21.73	19.10	21.55
2. Tote. Tax	89.27	78.40	68.41	91.59	95.48
3. Betting Tax	378.91	349.80	347.68	535.35	581.30
4. Licence fee	116.42	76.49	99.95	140.00	130.97
5. Lease Rent	6.00	7.00	9.00	9.00	9.00
<b>Total</b>	<b>612.56</b>	<b>532.96</b>	<b>546.77</b>	<b>795.04</b>	<b>838.30</b>

Collection figures of taxes for the last five years in Bangalore District (Urban) under the following categories:

### SALES TAX

Years	No. of Registered dealers		Tax Collected (in crores)			Total
	KST	CST	KST	CST	Misc	
1984-85	50,403	25,304	244.07	29.00	0.15	273.22
1985-86	50,308	27,367	310.97	39.36	0.27	350.60
1986-87	50,332	30,259	331.76	43.71	0.19	375.66
1987-88	49,721	31,227	412.87	47.53	0.21	460.61
1988-89	48,862	32,514	517.33	57.31	0.43	575.07

(The total for Karnataka in 1988-89 had been Rs. 1,101.00 crores).

**Entertainment Tax.**

	No. of Theatres		Tax Collected (Rs. in Crores)		
	Perma- nent	Temporary	Entertain- ment tax	Show Tax	Total
1984-85	91	25	9.08	0.48	9.56
1985-86	88	19	9.80	0.49	10.29
1986-87	84	19	9.98	0.53	10.51
1987-88	83	19	10.44	0.85	11.29
1988-89	84	19	10.94	0.64	11.58

Profession Tax collected from the District for some recent years with number of assessees given in brackets is as follows, annual total being in crores of Rs.-1984-85 (1,34,257) 2.04; 1985-86 (155,974) 2.57; 1986-87 (1,70,743) 3.05; 1987-88 (2,26,697) 4.69; and 1988-89 (2,91,686) 6.04.

Revenue collection under Entry Tax and Luxury Tax for some recent years, totalling in crores, the figures in bracket being for Luxury Tax, is given below: 1984-85: 10.47(0.73); 1985-86: 14.54 (1.58); 1986-87: 18.41 (2.58); 1987-88: 25.97 (2.03); and 1988-89 28.00 (2.35).

(Source: Commissioner of Commercial Tax)

**Stamps and Registration**

Under the Karnataka Stamp Act, about fifty five different types of documents are subject to stamp duty. These documents can broadly be categorised into two groups. The first group of document is charged with *ad valorem* duty and the second group with fixed duty. The documents which are subjected to *ad valorem* duty are again classified as conveyance documents and bond rate documents. The conveyance rate is levied on the documents which are transferred with full rights and interests *viz.*, sale, gift, exchange etc. The documents which create limited interest over properties are charged with bond rate namely mortgage without possession, partition deed, security bond etc. The conveyance rate has been revised four times since 1957. The bond-rate which was left untouched since 1962 underwent an enhancement by one third in 1979.

Documents like agreements, affidavits, adoption deeds and articles of association are charged with fixed duty. Apart from the categorisation of the documents based on the rights they create, documents are also categorised as judicial and non-judicial. Stamp duty on judicial documents is regulated under the Karnataka Court Fees and Suits Act, 1958. The instruments falling under the Schedules of the Indian Stamps Act and Karnataka Stamp Act have to be written on Non-Judicial papers as prescribed by law.

There are twelve sub-registrars offices in Bangalore Urban district (since 1-6-89). The State Government has bifurcated the Bangalore North and the Bangalore South Sub-Register's Office in a move to streamline their working. These 12 Sub-Registrar's offices are situated in Rajajinagar, Jayanagar,

Basavanagudi, Srirampuram, Shivajinagar, Gandhinagar, Bangalore North, Bangalore South, Kengeri, Yelahanka, K.R. Puram and Anekal. The Bangalore North Taluk SRO will henceforth register documents in respect of Yeswanthapur, Kasaba and Dasanapura hobli. The Yelahanks SRO covers Yelahanka, Hessarghatta and Jalahalli. The Bangalore South office covers Begur and Varthur hoblies and the new Kengeri Office will cover Kengeri, Uttarahalli and Tavarekere and K.R. Puram will cover K.R. Puram and Bidarahalli areas.

**Undervaluation:** Evasion of stamp duty by undervaluation of properties was widespread. The State Government had issued in 1975 some guidelines for the fixation of market value to all the registering officers to overcome the loss of revenue. The Registering Officer while, registering any instrument of conveyance, exchange or gift, if he has reason to believe that the market value of the property concerned has not been truly set forth, he may after registering the document, refer the same to the Special Deputy Commissioner for detection of Undervaluation of Stamps for determination of the market value and the proper duty thereon. The party is required to furnish at the time of registration, a statement showing the market value of each property covered by the instrument. The Special Deputy Commissioner after detailed enquiry shall determine by order the market value of the properties and duty payable thereon.

The Deputy Commissioner may also *suo moto* within two years from the date of registration of any instrument which has not been referred to him call for and examine the instrument as to the correctness of the market value of the properties concerned. If in his opinion market value is not set-forth truly he may after an enquiry pass an order determining the market value and duty thereon. The person effected will have to pay the amount of difference in duty. Similarly any person aggrieved by the order of the Special Deputy Commissioner may appeal before a District Judge. The District Judge on such appeal is required to hear both the Deputy Commissioner and the aggrieved party, call for the records and then if he thinks fit, re-determine the market value and duty thereon. The order passed by the District Judge shall be mailed to the Deputy Commissioner concerned. There are two Special Deputy Commissioners for under-valuation-one at Basavanagudi with jurisdiction over Sriramapuram, Rajajinagar and Basavanagudi and the other at Shivajinagar covering Jayanagar and Gandhinagar areas.

Revenue realised by way of fines, penalties etc., for the last five years from the undervaluation of documents.

Year	Special Deputy Commissioner for detection of Undervaluation of Stamps. (figures in lakhs)	
	Basavanagudi	Shivajinagar
1984-85	9.20	29.82
1985-86	13.20	26.78
1986-87	11.79	22.23
1987-88	25.43	28.60
1988-89	40.46	48.82

**Excise Duty**

The Excise Department which is the second largest revenue earning department of the State comes under the administrative control of the Home Department. The Department exercises control over the Distilleries and Breweries, Bonded warehouses, liquor shops and bars and alcohol based Pharmaceutical and Chemical Units etc., in the matter relating to the production, manufacture, possession, import, export and transport, purchase and sale of alcohol, spirits, liquors and intoxicating drugs. It also levies Excise Duty on various excisable articles. The Karnataka Excise Act, 1965 which replaced the various Excise Laws in force in the integrated areas of Karnataka forms the nexus of the entire excise structure. The rate of excise duty, litre fee and export duty are specific in all cases. In the case of brandy, whisky, rum, gin, punch and other Indian Made Foreign Liquor, the rates relate to the proof strength of the alcohol. In the case of beer and arrack there is a uniform rate per bulk litre. Penalties are provided for illegal manufacture, transport, export and import, misconduct of licencees, illegal tapping or bottling, rendering denatured spirit fit for human consumption, illegal possession and for contravention of any of the rules framed under the Excise Act. The Excise Department enforces the following Acts, Rules and Orders etc: i) State Acts, Rules: (a) The Karnataka Excise Act 1965; (b) The Karnataka Prohibition Act, 1961; (c) The Rules framed under the above Acts; and (d) The Narcotic Drugs and Psychotropic substance (Karnataka) Rules, 1985.

(ii) Central Acts, Rules Etc:- (a) The Medicinal and Toilet Preparations (Excise Duties) Act, 1985 Rules, 1956; (b) Narcotic and Psychotropic Substances Act, 1985 (Central Act 162 of 1985); (c) Molasses Control Order of 1961; and (d) Ethyl Alcohol (Price Control) Order of 1971.

Excise Revenue realised under various heads for the years 1986-87 to 88-89 in Bangalore District.

(figures in crores of Rs.).

Particulars	1986-87 Rs.	1987-88 Rs.	1988-89 Rs.
1	2	3	4
Arrack Shop rent	16.20	16.65	16.65
Toddy shop rent	4.63	6.02	6.00
Fines, Confiscation Etc.	0.12	0.36	0.34
Duty on arrack	3.40	3.78	4.13
Price	1.74	1.55	-
Bar Duty	6.90	6.18	7.42
Beer Licence fee	0.02	0.07	0.10
IML Duty	15.76	15.81	24.11
IMFL	3.86	5.04	4.79
Rectified Spirit	0.25	0.14	0.13

1	2	3	4
Denatured Spirit	0.09	0.01	0.007
Duty on M & TP	1.13	2.01	2.09
Receipts from			
Distilleries.	0.22	0.79	0.56
Est. Charges	0.22	0.41	0.53
Addl. Licence Fee	-	-	0.08
Interest	0.52	0.46	0.79
Grand Total	54.37	59.27	67.76

(The figures here have been rounded off after two decimal points).

Arrack shops, Toddy shops and Liquor shops licensed for the last three years in Bangalore District.

Particulars	1986-87	1987-88	1988-89
Arrack hops	313	346	342
Toddy shops	290	306	304
Liquor shops	739	736	734
Bars	673	642	656
Wholesale	146	146	115
Military Canteen	28	31	30
Clubs	23	28	28
Boarding & Lodging	10	9	10
Beer Licences	35	59	82
Arrack Depots	11	12	2

*Motor Vehicles Tax:* Motor Vehicles Tax was being levied in the state as early as from 1924. The levy took the form of a fee for registration which varied with the nature of the vehicle and its horse-power. From 1925 motor buses and taxi-cabs were subjected to an additional levy of a permit fee which varied with the distance covered in the case of buses. Concurrently with this levy, the municipalities imposed a tax on vehicles housed in their jurisdiction. Tolls were also levied by municipalities and District Boards. The exploitation of motor vehicles tax revenues was related to the expenditure on road development. The rates of tax were substantially enhanced in the Mysore Road Traffic and Taxes Act, 1935 and the Mysore Motor Vehicles and Road Traffic Act, 1944. The Mysore Motor Vehicles and Taxation and Tolls Act enacted in 1951 once again substantially raised the rates of motor vehicles taxes. In 1953, the maximum permissible rates were also raised. At the time of the formation of the new state of Mysore in 1956 a mileage cess was levied on stage carriages and contract carriages. This mileage cess was collected on the basis



**Statement showing the year-wise particulars of revenue and other details of the District Registrar's Office.**

**(of amount in crores of Rs.)**

Particulars.	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
No. of Registry offices	9	9	9	9	9	9	9	9	9	9
No. of Registrations.	41,662	61,933	41,761	36,769	40,701	36,844	29,496	34,584	40,319	51,069
a) Immovable property.	8,012	14,574	8,027	7,772	8,626	8,184	6,220	8,798	12,487	17,214
i) Compulsory	35,226	53,112	36,471	30,881	30,496	31,448	25,152	26,246	28,286	34,851
ii) Optional	1,304	1,916	2,654	1,115	578	606	486	478	630	557
b) Moveable property.	3,046	2,648	3,216	2,290	1,916	1,405	1,652	1,828	2,072	2,320
c) Wills and authorities to adopt	780	1,093	1,021	1,105	1,004	1,363	1,450	1,593	1,741	2,068
Total of A,B&C	48,368	73,343	51,389	43,203	42,620	43,606	34,960	38,943	90,091	57,010
Aggregate value of registered documents	78.26	70.00	207.89	819.74	107.48	146.23	161.29	187.83	244.16	293.29
Total receipts	0.66	0.77	0.97	1.06	1.09	1.49	1.59	3.56	4.69	6.2

BANGALORE DISTRICT

of the number of miles which the vehicle was likely to travel and the rate varied depending upon the surface of the road *i.e.*, whether the surface was tar or metal. In certain areas local bodies were prohibited from levying taxes and tolls and were paid compensation for the loss of such income. The Mysore Motor Vehicles Act of 1957 was introduced in order to provide a uniform law governing the taxation of motor vehicles in the new state of Mysore. The main category of vehicles taxed are motor cycles, goods vehicles, contract carriages, stage carriages, omni buses, vehicles used for haulage and special categories like fire engines and motor cars. The basis of taxation of each category is different: motor cycles are classified on the basis of unladen weight and horse power; goods vehicles on the basis of registered laden weight; passenger vehicles carrying more than six passengers are classified on the basis of seating capacity; vehicles used for haulage on the basis of laden weight, etc. Additional tax is levied in respect of trailers and side cars attached to the vehicles. Three-wheelers and motor cars are generally used for non-commercial purposes except in the case of autorikshaws and taxis. In the case of stage carriages, a distinction has also been made between buses plying within metropolitan areas and those plying outside area. Similarly taxes on autorikshaws and taxis are also linked to the number of seats.

Collection figures of taxes under motor vehicles for the last five years in the district (Rs. in lakhs) are 1983-84: 3,878; 1984-85: 4,537; 1985-86: 5,982; 1986-87: 8,518 and 1987-88 Rs. 8,782.

*Electricity Duty:* A tax on consumption of electrical energy in the state was first introduced in June 1950 at the rate of 10% on the tariff rates on electrical installations covering street lights, flour mills, photographic studios and other industries, cinema installations, textile mills and other industries having separate tariff rates for night and day supply and power supply to major industries under special agreements.

This tax was subsequently raised to 20% subject to a maximum of four pies (1/3 of anna) per unit of power with effect from 1st April 1954. There was no tax in Mysore on domestic lights, fans and appliances. A uniform rate schedule in replacement of the varying rates of tax in the different integrated areas was introduced in accordance with provisions of the Mysore Electricity (Taxation of Consumption) Act, 1959. The Act provides for levy of tax not exceeding 6 paise per unit of energy. By virtue of notifications issued under the Act, different rates are levied on different classes of consumers. The Act also provides that where the units of energy supplied to a consumer for non-domestic purposes are not determined by a meter but on the basis of any formula adopted by the licensee, the tax shall be levied and paid on the units of energy determined on the basis of such formula. Where flat rates are charged by the licensee for the supply of any energy to any consumer, the electricity tax shall be levied and paid according to a rate schedule given in the Act.

Electricity tax is collected and paid to Government by the licensee. Licensee has been defined under the Act to mean the State Electricity Board or any person licensed under the Indian Electricity Act to supply energy including the State Government when it is engaged in the business of supplying energy. The Karnataka Electricity Board is the only licensee in the district which collects electricity duty. Tax is collected on the units of energy supplied to the consumers as prescribed under the Act. Interest not exceeding 12% per annum is charged on arrears of electricity duty. These arrears may be recovered through a civil court or as arrears of land revenue. Penalties upto Rs. 500 can be imposed on persons who fail to keep books of accounts or fail to file returns as prescribed in the Act or who violate any rules made under the Act. The following categories of consumers/categories are exempted from tax : (i) Irrigation pumpsets of 10 H.P. and below; (ii) Street lights; and (iii) Small scale Industries for the first five years from the commencement of their date of production.

Electricity Duty collected for Bangalore District for the following years in lakhs of Rs. is 1983-84: 517.30; 1984-85: 1,108.46; 1985-86: Rs. 1,328.05; 1986-87: Rs. 1,392.21; 1987-88: Rs. 1,441.50 and 1988-89 : Rs. 1,551.09.

*Forest Development Tax:* The main activities of the Forest Department are management of the forest, conservation of wild life, re-forestation of degraded forest, afforestation of barren areas, social forestry, creation and maintenance of Nature Parks, meeting the demands of the population in respect of their requirements of timber, firewood and minor forest produce, meeting the needs of the forest based industries, defence, railways and other nation building activities.

The Karnataka Forest Act 1963 issued with effect from 24-12-1975 has been constituted for the state of Karnataka for the creation of the fund called 'Karnataka Forest Development Fund' which is utilised for the development of forest plantation. The tax levied and collected under this Act shall be credited to the consolidated fund of the State. Forest Development Tax is collected in respect of Forest produce disposed off by auction sale, retail sale and sale by selection by Railways, Defence Department etc., at fixed prices. Prior to 1975, Forest Department Tax was not levied, after 1975 tax has been collected at various rates ranging from 5% to 12%. The revenue collection in the district for the past six years were: 1983-84-Rs. 1,14,802.00; 1984-85-Rs. 9,312.00; 1985-86-Rs. 57,036.00; 1986-87-Rs. 2,04,276.00; 1987-88-Rs.2,11,029.00; and 1988-89- Rs.17,452.00.

## CENTRAL TAXES

### Central Excise

Excise duty either in the form of a toll or tax has been collected in India from ancient times. In 1870 salt alone was subject to excise duty. In 1894 a duty of excise was levied on cotton yarn and finer counts. Two years later this was replaced by a duty on Indian mill woven cloth. In 1917 duty was levied on motor spirit followed

by a duty on kerosene and several other commodities. Immediately before Independence excise duties were being levied on motor spirit, kerosene, sugar, steel ingots, matches, mechanical lighters, tyres, manufactured tobacco, cigars and cheroots, vegetable products, coffee and tea. Over the years more and more commodities were added to the Excise Tariff schedule. Central excise as an indirect tax is levied by the centre on commodities manufactured in the country. Being an indirect tax, it is paid by the manufacturer who passes its incidence on to the consumers. Liquors and permissible narcotics are excluded from its purview being covered by state excise. Upto 1975 there were 67 commodities groups which were covered by Central Excise. The introduction of tariff item 68 which covered "goods not otherwise specified", broadened the scope of excise duties. To begin with, these items carried a rate of 1% *ad valorem* which was increased in stages and reached 12% *ad valorem*. In 1986 a new tariff based on international classification namely-Harmonised system was introduced as the basis of levy on the lines of customs tariff. Another reform carried out in the same year related to the scheme of modified value added tax (MODVAT). In the past three years the coverage of MODVAT has been widened and by this measure industries were able to avail of credit of duty paid on raw materials and semi manufacturers and adjust the same towards payment of duty on the final product, thereby minimising the cascading effect of Central Excise taxation.

The various Acts administered by the Department are (1) The Gold Control Act, 1968 (2) Customs Act 1962, (3) Foreign Exchange Regulations Act, 1947, (4) Export and Import Control Act, 1955 (5) Sugar Export Promotion Act, 1958 (6) Mineral Products (Additional duties of Excise and Customs) Act 1958 (7) Khadi and Other Handloom Industries Development Additional Excise duty on Cloth Act, 1953, (8) Produce Cess Act, 1966, (9) Duties (Additional Excise Duty) Act 1957, (10) Additional Duties of Excise (Goods of Special importance) Act, 1957, (11) Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1957 (COFEPOSA).

In exercising the above Acts, the department of Central Excise has collected in 1989-90 Rs. 783.41 crores and itemwise figures are as below: (The revenue figures given in the statement is for five districts inclusive of Bangalore District as separate figures for Bangalore District only is not maintained by the department). Revenue Realised during 1988-89 (in '000s) 1. Dairy products 1899; 2. Coffee and Tea 15,027; 3. Resins 1,736; 4. Vegetable Oil 6,147; 5. Sugar & Confectionery 91,129; 6. Preparations of Starch & Milk 32,638; 7. Preparations of Vegetables & Fruits 749; 8. Misc. Edible preparation 22,969; 9. Beverages & Vineger 13,436; 10. Tobacco 26,34,900; 11. Cement 94,454; 12. Mineral Fuels 4,99,050; 13. Inorganic Chemicals 14,283; 14. Organic Chemicals 18,593; 15. Pharmaceuticals 1,11,161; 16. Rints & Varnishes 11,670; 17. Essential Oils 12,226; 18. Soaps & Starches, etc. 47,049; 19. Albuminoidal substances, modified starches etc., 1,259; 20. Matches 314; 21. Photographic & Cinematographic films 2,277; 22. Misc. Chemicals products 13,325; 23. Rubber & Articles thereof 5,71,881; 24. Plastic & Articles thereof

34,213; 25. Articles of Leather 429; 26. Wood & Articles of Wood 31,473; 27. Paper & Paper boards 40,379; 28. Cotton Yarn 49,703; 29. Man made filaments 30,402; 30. Man made staple fibers 22,190; 31. Special yarns twine 7,524; 32. Special woven fabrics 1,195; 33. Textile fabrics suitable for Inds. 7,073; 34. Other made up textile articles 15,562; 35. Footwear 10,050; 36. Articles of stone, asbestose etc. 6,663; 37. Ceramic products 18,853; 38. Glass and Glass ware 57,196; 39. Iron & Steel 62,401; 40. Articles of Iron & Steel 71,705; 41. Copper & Articles thereof 5,241; 42. Nickel 330; 43. Aluminium & Articles thereof 82,056; 44. Tin & Articles thereof 319; 45. Other Base metal 4,295; 46. Tools implements Cuttlery 66,508; 47. Misc. Articles of base metal 1,08,864; 48. Machinery & Mechanical appliance 8,06,974; 49. Electrical Machinery 17,29,122; 50. Railway or Tramway locomotive 60,809; 51. Vehicles other than railway 1,73,854; 52. Aircraft & Parts thereof 4,538; 53. Optical Photographic etc. 44,211; 54. Clocks & Watches. 17,454; 55. Arms & Aramunitions 350 56. Furniture bedding, etc. 2,765; 57. Toys 131; 58. Misc. Manufactured articles 2,364; 59. Miscellaneous & Cesses. 38,723 Total: 783.41

### Customs

Customs duties have been levied in one form or the other from ancient times. Tariff schedules have been undergoing changes over the years. The schedule contained in the Indian Tariff Act 1934 underwent changes in 1976 and again in 1986. The revenue from custom duties have increased sizeably during the last four decades. Bulk of the revenue was derived from machinery, crude oil, chemicals, metals, vegetable oils, plastics and baggage. Customs duties have been used both as a measure of raising revenue and as a measure of protecting the indigencous industry. In the last few years, customs duties have been used as a means of promoting export oriented industries and a number of reliefs have been given for such thrust industries.

Numerous industrial establishments in and around Bangalore were availing the facility of warehousing (both public and private) under the provisions of the Customs Act, 1962 for the storage of imported raw materials, consumables, peripheral devices, engineering and electronic components etc. Owing to the substantial increase in the quantum and nature of Imports and Exports, a strong need was felt to functionally centralise the control over Bonded Warehouses with a view to facilitate prompt and speedy clearance of warehouse goods. Hence, the Karnataka Customs Collectorate was formed on 16th May 1983 whose jurisdiction extends to the whole of the state. The work relating to administration, personnel and establishment, accounting of revenue receipts etc. of the customs collectorate is being looked after by the Collector of Central Excise, Bangalore. The Customs Collectorate consists of the following formations: (1) Air Cargo Complex, Bangalore, (2) Inland Container Depot, Bangalore, (3) Postal Appraising Department, Bangalore, and (4) Customs Division, Bangalore.

Year-wise Customs Revenue with Break-up for the last five years. (in Bangalore Division)

Year	Net-Total customs revenue	Net Import Duty	Net Export Duty	(Rs. in '000)	
				Cess on Export Rs. in '000)	Other Receipts (including Fines & Penalties.
1984-85	12,17,154	9,52,385	2,42,658	7,729	12,355
1985-86	16,36,056	13,88,727	2,12,595	8,386	26,348
1986-87	21,87,470	18,02,183	3,49,906	10,585	24,796
1987-88	25,17,638	23,53,284	92,741	10,990	60,623
1988-89	35,22,569	34,03,999	33,233	17,600	67,737

Details on seizure of smuggled items in Bangalore Division are given here, the first figure being the year, the second figure being the cases (in brackets) and the third value of seizures in crores of Rs.: 1984-85 (648) 1.39; 1985-86 (353) 2.26; 1986-87 (219) 3.94; 1987-88 (336) 3.45; and 1988-89 (371) 27.01.

### Income Tax

Direct taxation existed in India even prior to the British rule. The first Act for taxing income was passed in 1860. This was restructured in 1886 and it remained till 1918. Later the Income Tax of 1922 was introduced to overcome the shortcomings of the earlier Act which was amended several times. Till 1950, Income Tax in Karnataka was being levied by the State Government. In 1950, Income Tax administration came into force and levying work was taken over by the Centre. In 1955, 1957 and 1958, Estate Duty, Wealth Tax and Gift Tax laws were brought into force and the recovery of tax arrears was being entrusted to the State Government till 1969 under the Revenue Recovery Act. Thereafter the Income Tax Department took over the recovery work.

The Income Tax Act of 1961 was introduced with effect from 1.4.1962 on the recommendations of the Law Commission and the Tyagi Committee. Subsequently the Boothalingam Committee in 1967, Direct Taxes Enquiry Committee in 1971, and the Choksi Committee in 1977 were appointed for rationalisation and simplification of the tax structure. The latest amendment to the Act is the Direct Taxes Amendment Bill of 1987 which proposes to amend the Income Tax Act 1961, Wealth Tax Act 1957 and Gift Tax Act 1958.

Income Tax is levied on the total income of a person. The Income chargeable are income from salaries, income from house property, capital gains, income from profits and gains of business or profession and income from other sources. The rates of Income Tax are different for different categories of assesseees. Tax rates are provided in the relevant Finance Act.

The Karnataka and Goa charges of Income-tax department is administered by one Chief Commissioner and four Commissioners in collecting a budget target of about 400 crores under Income Tax and eight crores under Wealth tax. In addition, Gift tax, Expenditure Tax, Estate Duty and Interest Tax are also collected. Most of the public sector undertakings like HAL, HMT, BEL, BEML, ITI and banks like SBM, Canara Bank, Vijaya Bank etc., and some of the private companies like M/S. Khoday Distilleries, Eskayeff, Kirloskar Electric Company, Jindal Aluminium, United Breweries etc., are all assessed for Income Tax in Bangalore. The total number of tax payers are about 3.5 lakhs out of which 50% of tax payers are assessed in Bangalore and 60% of the charge budget ie., about Rs. 240/-crores is collected in Bangalore City.

**Wealth Tax:** The Wealth Tax Act of 1957 was introduced from 1-4- 1957. It is levied on the net wealth of a person. Persons chargeable under this Act are individuals, Hindu undivided families and closely held companies. Certain assets are outside the purview of the Act and certain assets are fully or partly exempt. Wealth Tax is chargeable on liabilities in respect of assets.

**Gift Tax:** The Gift tax Act 1958 which was introduced from 1.4.1958 covers individuals, Hindu undivided families, companies and certain other persons. The term gift has a wider meaning than the definition under the transfer of property Act. The Act covers certain transactions under deemed provisions. Earlier the Act provided exemption to a specified limit in respect of gifts made to wife or relatives. At present the exemption from gift tax is limited.

Following are details on collection of Income, Wealth and Gift taxes and the Estate Duty in Bangalore (Urban) District for some recent years:

Year	Business cases	Salary cases	Total	(Rs. in lakhs)
				Amount collected (Net collection)
<b>A. Income Tax</b>				
1988-89	157661	2920	160581	23927
1987-88	135701	3019	138720	18528
1986-87	9752	2920	12672	12281
<b>B. Wealth Tax:</b>				
1988-89			19490	389
1987-88			18131	299
1986-87			16973	438
<b>C. Gift Tax:</b>				
1988-89			1530	19
1987-88			1903	22
1986-87			1734	31
<b>D. Estate Duty</b>				
1988-89			131	67
1987-88			567	59
1986-87			423	81

(Source: Income Tax Dept.)