

CHAPTER XI

REVENUE ADMINISTRATION

Land revenue is one of the oldest forms of State taxes. Collection of revenue was the part of a contract' between State and the people, the former assuring protection in return for taxes. Land revenue constituted the major source of income right from the days of indigenous practices which prevailed even before Manu. According to Manu, the State obtained one-twelfth to one sixth of the gross produce of the land assessed as a whole during normal times and it was raised to one fourth at times of war or natural calamity. The sharing by the State of certain proportion of the produce of the land was to meet the expenses of the government. Under the Mauryas (3rd century B.C.) and the Shatavahanas (1st century BC to 3rd Century A.D.) tax was collected generally as a share of the produce from the communal threshing floor at the time of harvest. In course of time a system of cash payment was also introduced, and it became more popular in Vijayanagara days.

Survey of land and its classification into dry, wet and garden fixation of assessment on such lands based on the nature of soil, situation, water supply and crops was prevalent right from the days of the Shatavahanas. It appears that revenue administration continued on traditional pattern. There was a considerable body of revenue accountants. There were heads of classes like the mercantile and agricultural classes and heads of rural circle. The village was the unit of the body politic and the basis of administration. The village had the Barabalutis or the twelve Ayagars who provided the essential services to the community, received compensation for their labour either in allotments of land from the corporate stock or in fees consisting of fixed proportion of the crop of every farmer in the village. These Ayagars included village revenue officials. When land had to be transferred, the opinion of the village community was sought. We hear of kadita or revenue records from Kalyana Chalukya

times. However it was during the reign of the Vijayanagar kings that a systematic attempt was made in land administration and one sixth of the crop was regarded as the rightful share of the sovereign. An improved system of maintenance of accounts was evolved in Vijayanagara times. There was a department of taxation known as the Athavane. The extent of land was determined by the quantity of seeds sown. Mysore rulers and other feudatories of Vijayanagara continued the same system. Chikkadevaraya Wodeyar evolved a more vigorous system of collecting land revenue and other State dues. He made trade in certain items like iron, tobacco, betelnut, cardamom, pepper and sandalwood, a State monopoly. The citizens were to sell these items to the State and the state alone was to distribute them to major consumers and also export them. The practice yielded huge income. He introduced a number of changes with the object of increasing the revenue. He was very meticulous and strict in collection of revenue. In certain areas tax was collected in kind, and grains collected were stored in state granaries. Revenue dues were collected in three instalments.

The general tenures of land in the district did not materially differ from that prevailing in the surrounding areas. Cultivators and their heirs had the right of continuing in possession of such lands as long as there was no default in the payment of the customary rent. If the land was not cultivated and the cultivators failed to pay the rent the Government was entitled to resume the land and confer it on others. The proprietorship was regarded as vested in the landlord and it was hereditary, the rent being paid in money and the Government Officer had only to receive the rent. The system of hereditary proprietorship and fixing of rent continued till the time of Haider. In 1763 when Haider had an ambition of maintaining a strong military force, taxation increased. During the time of Haider and Tipu land assessment had fluctuated, and the presence of army was always necessary to enforce payment of revenue. Haider "left the fiscal institutions of Chikkadevaraja Wodeyar as he found them adding however to the established revenue, whatever had been secretly levied by a skillful or popular amil, and afterwards detected", says C. Hayavadana Rao. Two Harikars were posted in every taluk, and their duty was to hear all complaints and report them to the headquarters of the Government. They were found to be a great check on local oppression and defalcation of revenue. Tipu also continued the same policy. But he increased the number of provinces from five to 37 to help collection of revenue more efficiently. He conducted a regular survey to ascertain whether there was any fall in the population of agriculturists. The peasants were given *cowl* or security at the beginning of the year to encourage them to cultivate their lands.

Dewan Purnaiah (1799-1810) who had an adequate idea of the advantages accruing both to the Government and the ryot from a system of hereditary property fixed rents instead of the somewhat precarious tenures, which prevailed then. The whole of the revenue was under the management of the Government. The mode of estimating the extent of land was not in actual measurement but by the quantity of seeds required to sow. According to Colonel Wilks the share of the Government in the gross produce of land was about 40 per cent while 60 per cent went to the cultivator.

No general 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 the Surveyor General of India. Though the value of a revenue survey and assessment were realised even during the days of the Commission, a decision to introduce Survey and Settlement was finally taken only in 1862. To quote *Mysore Gazetteer* by Lewis Rice "In one taluk of the later Bangalore Division, there were reported to be 596 rates of assessment on dry land per *kudu*....." For wet and garden lands the results though less striking were also remarkable, in one case the number of rates being 81 and in the other 451 on the *kudu* of 500 square yards. (*Kudu* was 500 square yards of garden land and 3,200 square yards of dry land). In consequence of such capricious and intricate system of assessment all real power had passed into the hands of Shanbhogues or hereditary village accounts, the recognised custodians of the records relating to the measurement and assessment of lands. In addition, to the discrepancies in the rate of assessments was the prevalence of the *batayi* system and the unsatisfactory state of the Inam holdings and the absence of adequate check on unauthorised occupancy, extensive frauds were being practised. To overcome these ills, Bowring the then Commissioner chose to introduce the Bombay method of survey and settlement.

ORIGINAL SURVEY AND SETTLEMENT

Survey and settlement work in princely Mysore began in 1878-79 with the object of regulation of customary land tax to secure adequate revenue to the Government, progressive development of agricultural resources and preservation of proprietary and other rights connected with the soil. The actual assessment of each piece of land was the result of three distinct operations. Firstly, taluks were grouped according to climate, situation and general conditions of cultivation. Secondly, the total demand for the area under settlement was fixed after an examination of the revenue and economic history of the tract. Thirdly, this aggregate demand was distributed over the individual

survey numbers, according to the soil classification value. For this purpose, every variety of soil was referred to one of nine classes, such classes having a relative value in annas. In the case of irrigated wet and garden lands, in addition to soil classification, the water supply was also taken into consideration and its permanency regulated the class to which it was referred, 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 had 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 lands 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 impressions 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 cultivation. Land as a rule was divided into dry, wet and garden and taluk formed the unit of settlement operation.

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 taluks of Dodballapur, Devanahalli and Kanakapura (Kanakanahally) taluks. During the original settlement the present zone (VIII and IX) comprised the taluks of Bangalore, Channapatna, Anekal and Kankana-hally (Kanakapura with the villages numbering 323, 234, 184 and 267 and 267 respectively.

At the time of the first Revision Settlement operations, the territorial coverage more or less remained the same. Bangalore taluk

consisted of 326 villages including 10 villages of the military and civil station area for which a separate revision report in 1906 has been prepared. Out of these villages, only 291 villages remained in Bangalore taluk and 17, 12, 4 and 2 villages were transferred to Channapatna, Magadi, Nelamangala and Hoskote respectively. 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.

This was followed by two Revision Settlements. one in the years between 1906 and 1924 and the settlement made in 1964, which is in currency till now. The dates of first revision settlements were Channapatna, Ramanagaram and Kanakapura took place in 1925, 1926 and 1927, Magadi in 1918, Dodballapur in 1921, Devanahalli in 1923 and Hoskote in 1924.

Original settlement

Taluk	Year	Groups	No. of villages	Maximum rate (In Rs)		
				Dry	Wet	Garden crops
Nelamangala	1978	I	66	2.50	9.00	16.00
		II	89	2.25	8.00	8.00
		III	91	2.00	8.00	
		IV	22	1.75	8.00	
Magadi	1879	I	139	2.25	8.00	
		II	77	2.00	8.00	15.00
		III	39	1.75	7.50	8.00
Dodballapur	1881	I	130	2.75	9.00	
		II	65	2.50	9.00	16.00
		III	76	2.25	9.00	10.00
Devanahalli	1885	I	42	2.75	9.00	12.00
		II	54	2.50	9.00	
Hoskote	1886	I	248	2.75	9.00	12.00
		II	105	2.50	9.00	8.00

1	2	3	4	5	6	7
Channapatna	1893	I	73	2.10		
		II	103	1.85	8.00	
		III	58	1.60	9.00	10.00
Kanakapura	1893	I	64	2.00		
		II	116	1.75		
		III	87	1.50	8.00	8.00
Ramanagaram (Closepet)	1893	N/A.	250+ 28 (Inam villages)	4.00	14.00	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 settlement which was previously a taluk was enlarged into a zone which is a local area comprising 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 were further divided into groups on the basis of configuration, climate, rainfall, principal crops, soil characteristics and also the yield and prices of principal crops.

Classification of land is an important aspect of survey settlement. Each field is accurately measured. In case of dry class of lands 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 the 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. Each field within the group is then assessed on the basis of the relative factors mentioned above. In the Bombay system which was adopted here, the pitch of assessment is related to a standard of gross produce.

The present procedure is that the lands which 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 Rate) Act, 1957. The lands where the wet or garden crops are being grown with the help of water which is not the property the State Government are being levied 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 his proposals for the settlements. On receiving the settlement reports 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 therein by the settlement officer. The notice shall also state that the aggrieved persons may submit to the Deputy Commissioner their objections 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 through the Director of Survey, Settlement and Land Records the settlement report with the statement of objection 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 shall pass orders in conformity with the resolution made by both the Houses and the orders shall not be called into question in any Court. Thereafter the standard rate for each of the several groups in the zone shall be published by the State Government in the gazette specifying the date from which land revenue based on these standard rates shall be levied. The Deputy Commissioner shall cause a notice to 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 rates.

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 100% soil classification value. While arriving at the

standard rate, the exact share of the gross yield of a particular zone, developments in communications, standard of husbandry, 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 rate 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 opinions 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 are detailed in the statement (as per 1964 report).

Statement showing the details of Taluks, Zones, groups standard rate in rupees of assessment in Bangalore Rural District.

(amount in Rs. per acre)

Name of the Taluk	Zone	Group	No. of villages in each group	Standard rate amount		
				Dry	Wet	Garden
Channapatna	IX	I	98	3.36	9.73	10.24
		II	50	2.81	8.68	8.96
Devanahalli	VIII	I	280	3.40	9.60	11.52
						19.20
Dodballapur	VIII	I	246	3.40	9.60	11.52
		III	58	2.32	8.44	7.68
						16.00
Hoskote	VIII	I	357	3.40	9.60	11.52
						19.00
Kanakapura	IX	I	113	3.36	9.73	10.24
		II	145	2.81	8.68	8.96
Magadi	VIII	I	336	3.40	9.60	11.52
						19.20
Nelamangala	VIII	I	316	3.40	9.60	11.52
						19.20
Ramanagaram	IX	I	136	3.36	9.73	10.24

WATER RATE

At the time of the Reorganisation of States in 1956, 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 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 Government and on the use of water from any such work either by direct flow or by percolation. The schedule of rate 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 1966 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 rupees 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, 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 the *akarbund*. On receipts of this, the village accountants are required 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, tenancy and crops. All changes in the rights are incorporated in the register after they are reported and scrutinised by the competent officer. The original Record of Tenancy and crops which is maintained in the taluk office is rewritten once in five years. The Katha 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 *ie.*, 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 objective was to tone up the administration at the Government level and for monitoring the progress of development schemes aimed at uplifting the weaker sections of society. Jamabandis are of two types, Dittum and Huzur Jamabandi. Dittum Jamabandi which is conducted by the Tahsildar consists of the preliminary exercise done by the taluk office staff *ie.*, 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 registers and accounts. The Tahsildar will check and certify the correctness of the accounts and of the registers. Huzur Jamabandi is held after the Dittum jamabandi is completed normally at the Hobli Headquarters during which the demand for the next Land Revenue year would be fixed. For the purpose of Huzur Jamabandi each taluk will be treated as a unit. The Jamabandi work should commence in all areas by the 15th October every year and completed by the end of February next. The Huzur Jamabandi shall be conducted by the Deputy Commissioner of the district and Assistant Commissioner of the concerned Sub-Division. At least one taluk in each sub-division should be taken up by the Deputy Commissioner and the remaining taluks by the Assistant Commissioner. The Tahsildars and the Block Development Officer should have all the material required for Jamabandi ready one full month before the month during which the

Jamabandi of the particular taluk is scheduled to be taken up. The Jamabandi officers should take up the various items of inspection or inquiry in the presence of villagers or ryots gathered for the purpose. They should give a public hearing during the process of inquiry into various grievances and during inspection of various village records forms the essence of Jamabandi. A copy of the report so made by the Jamabandi officer should be forwarded to the Government in 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 land revenue leviable on account of a revenue year shall become due on the first day of that year and it shall be payable at such times in such instalments as may be prescribed. The land revenue and other dues commence from the 1st of January and conclude on the 30th of June every year. This period is called the *kist* period or the collection season. Any instalment of land revenue or part thereof which is not paid on the date prescribed shall become a case of arrears of land revenue and the person a defaulter. The land revenue leviable in a revenue year shall be payable in four equal instalments in the months of January, February, March and April of each year. Each instalment shall be paid by the 20th of each such month.

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 destrain the defaulter's moveable property as prescribed in the Karnataka Land Revenue Rules 1966. Before effecting the sale of any land or immovable property the Deputy Commissioner or any officer empowered in this behalf shall issue notice or proclamation for such a sale. 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, premiums, 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.

Statement showing the Demand, Collection and Balance of revenue in the district from 1986-87 to 1987-88:

Taluk-wise D.C.B. for the year 1987-88 in Bangalore Rural District

Sl. No.	Name of the Taluk	Demand	Collection	Balance
1.	Channapatna	31,04,784	17,96,095	13,08,689
2.	Devanahalli	9,86,124	5,77,791	4,08,333
3.	Dodballapur	61,13,619	14,74,351	46,39,268
4.	Hoskote	24,15,720	11,27,728	12,87,992
5.	Kanakapura	31,04,252	15,02,944	16,01,308
6.	Magadi	14,78,779	8,64,932	6,13,847
7.	Nelamangala	16,51,014	7,44,333	9,06,681
8.	Ramanagaram	19,62,902	8,84,631	10,78,271
District Total		2,08,17,194	89,72,805	1,18,44,389

Figure for 1986-87

Bangalore Rural District	2,22,54,681	67,31,851	1,55,22,830
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REMISSIONS

Government paid due consideration to the condition of the ryots when the monsoon was unfavourable or unforeseen circumstances affected the normal yield of land and the cultivators were granted relief from the burden of taxation. Rule 147 to 147 D of the Karnataka Land Revenue Rules, 1966 enumerates that when the Deputy Commissioner of the District has ascertained by enquiries that owing to a partial or total failure or destruction of the crops throughout any tract on account of drought or any other causes, he shall cause crop cutting experiments to be conducted in all the areas in such tract in order to determine the average crop-wise yield per acre. The Tahsildar shall conduct crop cutting experiments in atleast five per cent of the villages in the tract, the Revenue Inspector in atleast twenty per cent of such villages and the Village Accountant in all the villages in his charge in which neither the Tahsildar nor the Revenue Inspector has conducted such experiments in order to consider the question of suspension or remission of land revenue. The average crop-wise yield

per acre for the purpose of suspension or remission of land revenue shall be determined under sub-rule (1) separately in respect of land possessing irrigation facilities from wells, tanks, rivers and other sources and lands not possessing such irrigation facilities.

If the average crop-wise yield per acre as determined according to Rule 147 is thirty seven per cent and not less than twenty five per cent, the collection of land revenue may be suspended in full. If the crop-wise yield is above thirty seven per cent and does not exceed fifty per cent the collection of fifty per cent land revenue may be suspended. If such crop-wise yield is more than fifty per cent, the collection of land revenue shall not be suspended.

Collection of Suspended Land Revenue: The collection of suspended land revenue shall be done in the following extent along with the land revenue payable for any year: i) equal to one year's land revenue if the average crop-wise per acre in the year of collection is seventy five per cent or more and ii) equal to sixty two per cent of one year land revenue of such crop-wise yield in the year of collection is less than seventy five per cent and not less than sixty two per cent. iii) There shall be no collection of suspended land revenue if the average crop-wise yield in the year of collection is less than sixty two per cent. When the collection of Land Revenue has been suspended for a specified period and it cannot be collected in the succeeding year on account of the average crop-wise yield being thirty seven per cent, the payment of such land revenue shall be remitted in the third year.

LAND REVENUE ACT 1964

At the time of the formation of the New Mysore State in 1956, different revenue codes was in force in the various areas. In order to have a comprehensive legislation for the whole of the Mysore State, a new code called the Mysore Land Reforms Act, 1964 (Mysore Act 12 of 1964) was adopted. It facilitated smooth working of settlements, assessments and collection of revenue. Reasonable powers were given to revenue officers in respect of remission, fixation of holdings and the like. Soon after the said Act came into force in 1964, the Government under Section 114 directed for Revision settlement of land revenue in various parts of the State, the demand lists were prepared on the basis of the new rates. The 1964 Act provided for four classes of land viz., dry, wet, garden land and wet garden land. Section 122 B empowers the Deputy Commissioner *suo moto* to direct rectification of the assessment of land revenue on any land. Section 87 and Sections 157 and 192 deal with the recovery of land revenue and other public demands. All cesses, royalties, rents, fees, charge, premia, penalties

and fines due to the State Government for use or occupation of land or water, all monies due under any grant, lease and contract etc., shall become recoverable as arrears of land revenue.

CONSOLIDATION OF HOLDINGS

The evil of excessive fragmentation of lands which has taken place on account of the law of succession on economic necessities, a uniform measure to evolve a methodical consolidation and for the prevention of fragmentation of lands called the Mysore 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 existing fragments. In the scheme of consolidation, there is 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 REFORMS

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 a 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 re-defining 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.

Prior to States Reorganisation, with effect from 1st November 1956, various tenancy laws that were in force in the integrated areas were inherited by the enlarged State of Karnataka. All these laws provide for security of tenure and prevention of unfair eviction of tenants by the landlords and surrender by tenants to be registered before the Tahsildar. They also provided for the rights of tenants to be heritable and that the tenancy would not get terminated by the efflux of time. The Karnataka Land Reforms Act, 1961 re-enacted the provisions in all these tenancy laws with improvements both in comprehensiveness and rigour and brought it into force from 2nd October

1965. In the interregnum from 1961 to 1965, in order to perpetuate the security of tenure to the tenants, a law called the Mysore Tenants (Temporary Protection from Eviction) Act 1961 was passed and enforced. It remained in force till the uniform Land Reforms Act 1961, which was brought into force on 2nd October, 1965. Section 7 of the Land Reforms Act provided for restoration of possession to tenants dispossessed after 10th September 1957. While Sections 22 and 23 contain effective safeguards against unfair ejection, Section 25 effectively controls *malafide* surrender of land by tenant to the landlord. The surrender has to be in writing before the Tribunal.

Abolition of Tenancy: The relationship between the tenant and the landlord had no statutory basis and the tillers who were working on the field as a result of some understanding were seeking redressal of their grievances and urging the Government to come to their rescue. Hence protection of tenants under absentee landlordism formed the basis of agrarian reforms. Various statutes were issued from time to time to see that the tenants were not turned out at will by the landlords. As a sequel to the abolition of tenancies, surplus land was made over to displaced tenants, agricultural labourers, landless persons including ex-service personnel whose gross annual income does not exceed Rs.2,000. Fifty per cent of the land is reserved for Scheduled Castes and Scheduled Tribes. The tenants have to pay to the Government an amount equal to fifteen times the net annual income in the case of A, B and C class of land and 20 times such income in case of D class of lands to be eligible to be registered as occupants. They are permitted to pay the amount in one lump sum or in twenty annual instalments with interest at 4% per annum. In case of permanent tenants the amount payable shall be six times the difference between the rent and the land revenue. However these tenants were liable for ejection on sub-division of lands, sub-letting, leaving the land fallow, using the land for purposes other than agriculture, failure to pay rent and causing permanent damage to the land.

The Government of Karnataka had in October 1954 introduced in the Legislature a Bill for amending the Mysore Tenancy Act 1952. It recognised these categories of tenants *viz.* protected tenants, non-protected tenants and ordinary tenants. The general grounds for ejection remained unchanged except that the tenants would not be liable to ejection on the ground of sub-division. Protected tenants, on the *bona fide* use of the landlord for personal cultivation and for non-agricultural use upto one-fourth of the permissible holding. Non-protected tenants may be ejected by one year's notice on the ground that the land is required for the landlord's personal cultivation. The ejected tenant were entitled to restoration if the landlord did not cultivate the land personally within two years. All other tenants were

given a minimum term of ten years and were liable to ejection at the end of the period. They were also liable to ejection on one year notice in the same way as non-protected tenants.

Only the protected and non-protected tenants were entitled to purchase the land on payment of the market value either in lump sum or in instalments not exceeding six, spread over a period not exceeding ten years on the condition that the land which the tenant could purchase was 25 standard acres and the total area remaining with the landlord after the purchase would not be less than the permissible holding (i.e., from 25 to 100 standard acres). After the purchase the tenants have no right to transfer the land by sale, gift etc.

LAND TRIBUNALS

Section 48 of the Karnataka Land Reforms Act, 1961 provides for constitution of the 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 48A provides for the enquiry of the application filed by persons within the specified time of six months from 1st March 1974 claiming occupancy rights. The order of the Tribunal is final. Initially, no legal practitioner was allowed to appear in any proceeding before the Tribunal. Specific duties of the Tribunal under the Land Reforms Act 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 under Section 77, to perform such other duties and functions as are imposed on the Tribunal under the provisions of this Act. The duties of the Tahsildar are also specified in Section 112(A) of the 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. It consists of two members - one from the judiciary and the other from the Revenue department to decide cases of Land Tribunals. All cases that were previously pending in the High Court have been remanded to this authority.

Allotment of Surplus Lands: The surplus lands which vests with the Government consequent on the imposition of ceiling may be allotted by the Land Tribunal in the following order of preference: 1) Landless agriculturists, agricultural labourers and displaced tenants having no land - not less than one basic holding. 2) Tenants and displaced tenants with less than a basic holding and owner cultivators with less than a basic holding. 3) Tenants and displaced tenants with less than

family holding and owner cultivators with less than a family holding.
4) Other persons desiring to take up personal cultivation. The allottee may be allowed to pay the cost of the land and interest to the Government in annual instalments not exceeding fifteen or in a lump sum.

Land Tribunal Particulars in Bangalore Rural District

Particulars	Channa- patna	Devana- halli	Dodballa- pura	Hoskote pura	Kanaka- pura	Magadi mangala	Nela- nagaram	Rama- nagaram
1. No. of cases admitted to the Land Tribunal	3,501	3,676	3,750	5,826	5,404	6,771	5,001	2,803
2. No. of cases settled in favour of								
a) Tenants	1,358	1,301	2,426	1,875	3,420	2,995	2,341	1,051
b) Landlords	-	2,331	1,321	3,914	-	3,776	2,660	-
c) Rejected	2,143	4	3	37	1,984	-	-	1,753
3. No. of cases referred to High Court by:								
a) Land Tribunal	NA	238	381	254	NA	1	495	NA
b) Tenants	19	NA	NA	NA	33	84	NA	198
c) Landlords	142	NA	NA	NA	222	165	NA	48
4. No. of cases pending in High Court	161	125	30	29	255	250	250	246
5. Total area of land allotted to tenants (in acres)	1514-02	4002-02	6164-18	2667-30	6593-06	11505-05	4575-13	2508-10
6. Surplus land allotted to SCs and STs	876-01	-	-	-	3524-27	4115-25	-	2659-00
7. No. of SCs & STs as recipients of surplus land	NA	NA	NA	NA	NA	3100	NA	1639

LAND REFORMS APPELLATE AUTHORITY

Land Reforms Appellate Authorities have been constituted under Section 116A of the Land Reforms Act at the district level comprising of a Civil Judge called as Judicial Member and an officer of the cadre of Deputy Commissioner called as Revenue Member. For every decision or order passed by the Land Tribunal, under the Karnataka Land Reforms Act and such other Acts, an appeal under Section 118(1A) shall be to the Appellate Authority. The Appellate Authority shall for the purpose of the disposal of the appeals have the same powers as one vested in a Court of appeal under Civil Procedure Code except a) power of remanding the appeal to the Land Tribunal and b) power of referring any point for decision of the Tribunal. Both the Judicial member and Revenue member shall hear the cases and dispose the appeals. In case of any difference of opinion with regard to any matter in an appeal, the Judicial member will place the papers before the Principal Civil Judge having jurisdiction over the area and the said Principal Civil Judge shall hear on that point only. It shall be decided according to the opinion of the majority including those who first heard it.

Statement showing the number of cases referred, decided and balance in Bangalore Rural District as on 1-12-1988

Land Reforms Appellate Authority:

No. of cases trans-ferred from District Land Reforms Appellate Authority.	No. of appeals filed before this authority	Total	No. of appeals disposed off by this authority upto the end of November 1988	Balance
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1021

224

1245

309

936

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 a reward for some service and also lands used to be disposed of 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 1950 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 1950 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, reservations fixed in the following proportions. Ex-Servicemen 10%, SC & STs 50%, political sufferer 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; grantee shall personally cultivate the land granted, it shall be used only for the purpose for which it is granted. Tahsildar is responsible for receipt of land grant applications, their scrutiny, enquiry and then grant of land or submission to the concerned higher authority.

Upset price: As per Karnataka Land Grant Rules 1969, the upset price payable for the dry land and rainfed wet land granted shall not be less than 50 times and more than 200 times the land revenue payable on such land. However in several cases the upset price has been fixed at less than the minimum resulting in the necessity of recovery of the short levy of upset price.

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 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 Commi-

ssioner at a time and place therein mentioned and to state the nature of the respective interests 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 may by written application to the Deputy Commissioner require that the matter be referred by the Deputy Commissioner for the determination of the Court whether his objection be to the measurement of land, amount of compensation, the person to whom it is payable and the apportionment of the compensation among the persons interested etc.

The Land Acquisition (Amendment) Act 1984 has introduced a provision regarding approval of awards in the Land Acquisition Act 1894. The present monetary limits upto which various officers can approve awards are Deputy Commissioner upto Rs 10.00 lakhs, Divisional Commissioner upto Rs 20.00 lakhs and State Government above Rs 20.00 lakhs.

RELIGIOUS AND CHARITABLE INSTITUTION

The Mysore Religious and Charitable Institutions Act, 1927 were operative in the Old Mysore areas as no common legislation relating to Endowments had been enacted. The Deputy Commissioner of the district who is also the Muzrai Officer is the principal authority to implement the provisions of the Act. He is the controlling authority of all the Muzrai Institutions in the district and subject to his authority, the Assistant Commissioner of the sub-division or the Tahsildar of the taluks may perform such duties and exercise such powers as may be conferred upon them by the Government. There are three types of Institutions - the major muzrai Institution, minor muzrai institution and the village institution. Muzrai Establishment Fund contributions are collected from major and minor institutions at the rate of 8% and 5% respectively on their income. Consequent to the abolition of Religious and Charitable Inams under the Inams Abolition Act, many institutions holding inam land have lost them. Likewise under the provisions of the Mysore (Religious and Charitable) Inams Abolition Act 1955, *tasdik* allowance is being paid to such institutions in lieu of lands lost by them. This is payable every year as long as the institution exist. *Tasdik* is fixed taking into account the average of five years annual income. The religious and charitable institutions which have lost their lands under the provisions of the Karnataka Land Reforms Act 1961 are being paid annuity in place of land lost by them. The

Endowment Commissioner is the competent authority to issue title deeds for annuity while the Special Deputy Commissioner is the authority who fixes the Tasdik allowance.

TAXES OTHER THAN LAND REVENUE

The State seems to have become increasingly dependent upon indirect taxes for its revenues. Direct taxes now contribute only a small percentage of the state tax revenues. Land Revenue which was a major earner of the tax revenue declined sizably in recent years. The corresponding revenue from the Agricultural Income Tax though sizeable in absolute terms has not been enough to match the relative increase in revenue from other state taxes. Stamps and Registration also increased significantly, among other taxes, the Profession tax is applied to employees in the organised sector and self-employed professionals. Sales tax revenue now accounts for over half of the state's revenues. State Excise have also become a major contributor. About 91% of the state tax recoveries are now accounted for by indirect taxes.

STAMPS AND REGISTRATION

The first stamp law was introduced in the year 1828 by the then Maharaja's Government. Subsequently with a view to prevent the production of forged documents in suits or commercial transactions, new stamp paper regulations were issued in 1835. Bills of sale, bonds, agreements, transfers, deeds and other documents were to be executed in stamped papers of fixed value. Between 1831 to 1861 Court fee was paid chiefly in coin and was mixed with accounts of other receipts. In 1865 the Indian Stamp Act of 1862 was introduced. It brought considerable dividends. It also accounted the Court fee stamp duties to the head of Law and Justice. In 1867, two enactments were made - one for stamps and the other for Court fee. In 1900 the Mysore Stamp Regulation Act was introduced to consolidate and amend the law relating to stamps and Court fee regulations to embody all the amendments passed earlier. 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.

At present the nine sub-registry offices in the district administer the following acts viz., 1) Registration Act 1908, 2) Karnataka Registration Rules 1965, 3) Karnataka Stamp Act 1967 and Rules 4) Karnataka Court Fees and Suits Valuation Act 1958 and the Rules thereunder 5) Indian Partnership Act 1932.

At the district level, the Special Deputy Commissioner, and in his absence the Deputy Commissioner, acts as the ex-officio District Registrar. The Sub-Registrar is entrusted with the work of registration of documents relating to immoveable properties in his jurisdiction and collection of registration fees. He is also the Registrar of Marriages under the various Marriage Acts that are in force in the district.

Statement showing the particulars of the registration of documents, valuation and receipts of Bangalore Rural District.

Sl. No.	Particulars	1986-87	1987-88
1.	No. of Registry Offices	9	9
2.	No. of Registrations	15,981	15,269
3.	(a) Immoveable property:		
	(i) Compulsory	16,885	14,247
	(ii) Optional	-	-
	(b) Moveable Property	402	345
	(c) Wills and adoptions	676	677
	(d) Total of A, B & C	15,981	15,269
4.	Aggregate value of registered documents.	18,27,22,251	22,09,05,210
5.	Total receipts	26,29,120	28,56,990
6.	Total Expenditure	8,07,712	10,59,748

EXCISE

Till October 1967, Prohibition was in force all over the State except the districts of Gulbarga, Raichur and Bangalore. When Prohibition was relaxed in 1967, the Mysore Excise Act 1965 which form the nexus of the entire excise structure was brought into force. Under the Constitution the State Government is empowered to levy excise duties on a) alcoholic liquors fit for human consumption and (b) Opium, Indian hemp and other Narcotics but not on medicinal and toilet preparation containing these ingredients. Excise duty on medicinal and toilet preparation containing alcoholic and narcotic drugs are levied by the Government of India under the Medicinal and Toilet Preparation

Act 1955, the proceeds of which are collected and retained by the State.

Excise revenues accrue from i) duties levied on manufacture or issue of spirit at the distillery or bonded warehouses ii) counter-vailing duties in respect of imports of liquor iii) Licence fees - a) Shop rental determined by auction of arrack and toddy shops, b) Licence fees prescribed under the Rules for wholesale and retail vending, bars, hotels etc. c) Licence fees prescribed under the Rules on the total quantity of liquor manufactured by breweries iv) Licence fee levied on all liquors other than toddy and denatured spirit v) Export fee on exports of denatured spirit vi) Tree tax vii) Tree rent. 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 any of the Rules framed under the Excise Act.

Statement showing the item-wise revenue from the Excise Department for the year 1987-88, in rupees.

Particulars	1987-88
Duty on Arrack	80,29,641
Price on Arrack	32,92,008
Arrack shop rental	2,93,71,921
Toddy Shop rental	4,35,07,742
Tree Rent	2,18,298
Beer Duty (Litre fee)	4,12,910
Beer Licence fee	-
Licence fee on I.M.L.	31,60,700
Duty on Indian Made Foreign liquor	8,29,350
Rectified Spirit & D.S. L.F.	3,375
Licence fee on medicated wines	-
Denatured Spirit	-
Service and Service Fee	-
Fines and Confiscations	2,10,638
Recovery of over-payments	-
Interest on arrears of revenue	7,96,399
Other receipts	-
Total	8,98,32,982

COMMERCIAL TAXES

The Commercial Taxes Department is a major contributor of revenue under the State tax revenues. In its responsibility of collecting taxes under various heads, it administers the following Acts. 1) Karnataka Sales Tax Act, 1957, 2) Central Sales Act, 1956, 3) Karnataka Entertainments 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, 7) Karnataka Tax on Entry of Goods into Local areas for consumption, Use or Sale therein Act 1979, and 8) Mysore Betting Tax Act, 1932 (being administered by the Department from 14-1-1982).

S Sales Tax: The scheme of sales tax is a composite single point and multi-point taxation system in which the single point taxation predominates. A single point levy is imposed at only one stage in the series of transactions through which the commodities pass from the importer, producer, or manufacturer to the final consumer. Tax at single point is levied either at point of first sale or last sale. The point of incidence may be either at the sale point or purchase point. The dealers in the intermediary stages are allowed exemption from payment of tax by means of a system of declaration. A multi-point tax is levied on all other items except those which have been specifically exempted. The rate of single point ranges from 1 per cent to 150 per cent to 200 per cent. This 200 per cent tax rate is levied on liquor which has not suffered State excise duty.

Under the Act and with effect from 1st April 1984, a dealer whose annual turnover was Rs 50,000 and more was required to register himself by paying a registration fee of Rs 200 and the taxable minimum limit was fixed at Rs 1 lakh or more were liable to tax on their taxable turnover. The turnover limit for liability for registration and the registration fee were enhanced to Rs 75,000 per annum and Rs 250 per annum respectively w.e.f. 1st August 1985. Dealers whose total turnover per year exceeded Rs 1.50 lakhs were required to pay towards tax at the rate of one-half per cent of their total turnover w.e.f. 1st April 1982. A surcharge on sales tax at 10 per cent was introduced under Sections 6-C of the Karnataka Sales Tax Act 1957 w.e.f. 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. From 1st August 1985, Rural 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 in lieu of the previously

existing basic rates of tax from 2 per cent to 150 per cent. Transfer of property in goods involved in work contracts, hire purchases and leases was brought under the levy of S.T. from April 1986. Lottery tickets were brought under the levy of S.T. at 10 per cent from 1st April 1986.

Sales Tax

Statement showing the number of assesseees under KST/CST and the amount collected for the year 1982-83 to 1987-88 for the Bangalore Rural District including the taluks of Anekal, Bangalore South and Bangalore North (Excluding City area)

Year	No. of Regd. Dealers	Amount of KST collected (amount) Lakhs of Rs)	No. of registered dealers	Amount of CST. Collected (amount in lakhs of Rs
1983-84	7,629	19.42	2,094	33.45
1984-85	9,244	23.42	2,769	38.96
1985-86	9,176	28.34	3,919	40.92
1986-87	8,409	33.99	3,345	51.28
1987-88	1,01,121	38.62	4,778	49.21

ENTERTAINMENT TAX

Till 31st December 1957 there were several Entertainment Tax laws in force in various merged areas. From 1st January 1958, a uniform and comprehensive Entertainment Tax Act applicable throughout the State came into force. The Department of Commercial Taxes took over the administration of this Act retrospectively. The law provides for the levy of Entertainment Tax on rates of admission to cinema shows and horse races. Drama and musical performances and also other performances are outside the purview of the Act. In addition to Entertainment Tax, in case of film shows, show tax is also being levied. From 1st July 1982, tax on admissions was enhanced by abolishing additional tax and the rates of the tax was revised between 30% to 50% depending upon the admission rate. A surcharge of 100% of the entertainment tax was also levied. Show tax was also levied at slab rate or show rate. This was applicable to theatres paying tax as per the composition scheme under the Act. Ninety per cent of the Entertainment Tax proper (exclusive of show tax and surcharge) is assigned to the local bodies in whose jurisdiction the entertainments are held. The

remaining 10 per cent is retained by the State Government towards collection charges. In respect of theatres paying tax under Section 4A the compensation payable to local bodies is 36 per cent of the total collection.

As per Section 4-P of the Act those conducting video shows have to pay tax at the rate of Rs 1000 per month irrespective of the number of shows conducted. Entertainment tax which was levied on certain specified games like cricket, Tennis, Hockey etc. with effect from 1st April 1983 was deleted from 1st April 1984. The local officers such as Tahsildars, Chief Officers of Municipalities, Police Sub-Inspectors in addition to the Departmental officers were authorised to conduct surprise checks of the admissions to the cinema houses.

Entertainment Tax

(Amount in lakhs of Rs) realised from the district during some recent areas

Year	No. of permanent theatres	No. of touring talkies	Entertainment tax	Show tax	Additional tax	Total
1983-84	33	98	34.21	13.27	44.93	92.40
1984-85	34	107	60.21	15.06	38.79	114.06
1985-86	37	90	46.86	11.69	39.28	97.83
1986-87	39	105	55.56	16.13	51.74	123.43
1987-88	39	96	39.41	29.43	95.08	163.93

(This includes the whole undivided Bangalore district excluding the Bangalore City area)

AGRICULTURAL INCOME TAX

Agricultural Income is defined as any rent or revenue derived from the land which is used for agricultural purposes and is assessed to land revenue. It is also defined as that income which is derived from land which is used for growing commercial crops. The Karnataka Agricultural Income Tax Act, 1957 upto financial year 1976-77 provided for levy of tax only on incomes from 31 commercial crops including seven plantation crops. From the financial year 1976-77, as per the Karnataka Agricultural Income Tax Act 1975 all agricultural incomes

were taxable, but liability rose only if the net income exceeded Rs 8,000. In the case of non-plantation crops the limit was also fixed in terms of the extent of the holding. Persons holding less than 160 acres of 'J' class of land on which non-plantation crops were grown were exempted from tax. The earned agricultural income relief allowed under the old law had been done away with, as the exemption limit has been raised. Persons holding lands growing non-plantation crops were eligible for composition. Classification for the purpose of composition was based on land revenue paid in the case of dry lands, source of irrigation in the case of irrigated lands and the nature of crop in the case of special crop like grapes, mulberry, coconuts and areca. The Karnataka Agricultural Income Tax Act, 1957 was amended by the issue of the Karnataka Agricultural Income Tax Act, 1983, which came into force from 1-12-1982 (retrospectively) provided for the incomes derived from plantation crops alone to be subjected to tax from the previous year. The exemption relief for taxable income also rose from Rs 8,000 to 14,000 per annum, and once again from Rs 14,000 to Rs 20,000 per annum from 1st April 1985.

The new composition scheme as contained in the Karnataka Agricultural Income Tax (Amendment) Act 1988 and subsequently modified in the Karnataka Agricultural Income Tax (Amendment) Act 1986, is made available for persons having land holdings upto 25 acres growing coffee, either exclusively or interplanted with banana, coconut, cardamom, pepper or orange and the income derived from such land holdings upto 15 acres is exempted from tax. The details of rate of tax to be paid in lump sum under the composition are: 1) when the extent of land does not exceed 15 acres - nil; 2) when the extent of land exceeds 15 acres but not below 20 acres - Rs 1,500; 3) when the extent of land exceeds 20 acres but not 25 acres - Rs 2,500. Number of assesseees (given in brackets) and the total amount of tax collected in the district for the years from 1983-84 to 1987-88 were: 1983-84 (866) - Rs 38,97,265; 1984-85 (866) - Rs 45,64,405; 1985-86 (733) - Rs 41,22,000; 1986-87 (644) - Rs 48,26,000 and 1987-88 (?) - Rs 47,99,194 (figures for the whole of undivided district excepting Bangalore City).

PROFESSION TAX.

Karnataka Tax on Professions, Trades, Callings and Employments Act 1976 which provides for tax on professions, trades, callings and employment came into force with effect from 1st April 1976. The tax in respect of salaried employees is dependant on the salary and in respect of others engaged in professions, trades, callings is dependant on various criteria like standing in the profession, turnover,

number of employees etc. From 1st April 1983, Profession Tax was levied on persons with basic salary/wage of Rs 1,200 per month and above. Self-employed persons engaged in specific professions are required to enrol themselves under the Act and profession tax have to be paid by them at the rates fixed annually before 30th April. The registered dealers under the K.S.T. Act with a total turnover of more than Rs 25,000 per annum but less than Rs 50,000 were brought under the levy of Profession Tax and taxed at Rs 100 per annum and those with annual turnover of more than Rs 50,000 were taxed at Rs 250 per annum. Number of assesseees (in brackets), and the tax collected in the district in rupees for the year 1983-84 to 87-88 were: 1983-84 (3,859) 5,42,805; 84-85 (4,308) 11,25,815; 85-86 (16,532) - 10,51,664; 86-87 (16,865) 18,84,252 and 87-88 (17,215) - 23,35,184. (The figures are for the whole undivided district excluding Bangalore City).

ENTRY TAX

Octroi has been the main source of revenue for the local authorities in the State. There were octroi *ukkads* (or check posts) at the limits of the various municipalities to check the incoming vehicles carrying goods liable for octroi. Transporters and traders resented the procedure on levy and collection of octroi since they acted as barriers to free flow of goods of traffic. The Government after considering the difficulties expressed by the trading community and transporters decided to abolish octroi with effect from 1-4-1979. To compensate the loss of revenue to the local authorities the State Government enacted the Karnataka Tax on Entry of Goods into local areas for consumption, use or sale therein Act of 1979. A levy of 10% surcharge on Karnataka Sales Tax was introduced. Cotton textiles, sugar, tobacco and its products which were outside the perview of sales tax were subjected to octroi levy. It was proposed to tax them in local areas at rates ranging from 1% to 2%. The list of commodities included for levy was extended to 13 items during 1982-83 and the rate of tax also increased in respect of sugar, tobacco and its products. Since October 1983, ten more items had been listed in the Act for levy. Registration is compulsory for all dealers engaged in business in any of the scheduled goods. The total collection in the district during the recent years has been 1983-84: Rs 10,18,192; 1984-85: 14,31,226; 1985-86; 1,17,31,220; 1986-87; 1,63,87,070 and 1987-88; 1,88,72,430.

MOTOR VEHICLE TAX

Tax on motor vehicles were first imposed in 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 taxicabs were

subjected to an additional levy of a permit fee which varied with the distance covered in the cases of buses. Concurrently with this levy, municipalities imposed a tax on vehicles housed in their jurisdiction. Tolls were also levied by municipalities and district boards. The exploitation of motor vehicle tax revenues was related to the expenditure on road development. The rates of tax was substantially enhanced in the Mysore Road Traffic and Taxes Act, 1935 and the Mysore Motor Vehicles and Road Traffic Act 1944. These Acts prohibited the levy of motor vehicles taxes and tolls on motor vehicles by municipalities. The Mysore Motor Vehicles Taxation and Tolls Act, 1951 substantially raised the rates of motor vehicles taxes. In 1953, the maximum permissible rates of taxes were also raised. The Mysore Motor Vehicle Act of 1957 was introduced in order to provide a uniform law governing the taxation of motor vehicles. The rate of tax under this Act are related to the horse power in the case of motor cycles, unladen weight in the case of motor cars, laden weight in the case of goods vehicles and the number of passengers in the case of passenger vehicles. Tax may be paid either quarterly, half-yearly or annually. The Motor Vehicles department at present administers the following Acts and Rules: 1) Mysore Motor Vehicles Act 1939, 2) Karnataka Motor Vehicles Taxation Act 1957, 3) The Karnataka Motor Vehicles Rules 1963 and 4) The Karnataka Motor Vehicles Taxation Rules 1957.

Revenue realised in the Motor Vehicles Department for some recent years was (Rs in lakhs): 1983-84: 3,878; 1984-85: 4,537; 1985-86: 5,982; 1986-87: 8,518; and 1987-88: 48,155. These figures are inclusive of Bangalore (Urban) District as well, as separate figures are not available for Bangalore rural district. Almost 75% of the collected amount is from Bangalore City.

ELECTRICITY DUTY

A tax on consumption of electrical energy was first introduced in June 1950 at the rate of 10% on the Tariff rates which was subsequently raised to 20% subject to a maximum of four pies per unit of power with effect from 1st April 1954. Different rates of taxation on consumption of electricity were in force in several integrated areas of the State at the time of States Reorganisation. The rates of taxes varied for different classes of consumers from 0.7 paise to 2 paise per unit of energy consumed. A uniform rate schedule in replacement of the varying rate's of tax in the different integrated areas was introduced in accordance with the provisions of the Mysore (Electricity) (Taxation on Consumption) Act, 1959. The Act provides for levy of a tax not exceeding 6 paise (prior to April 1970 the maximum rate was 3 paise) per unit of energy. By virtue of

notifications issued under the Act, different rates are levied on different classes of consumers. Electricity tax is collected and paid to the Government by the Karnataka Electricity Board. Irrigation pumpsets of 10 HP and below, street lights and small scale industries for the first five years from the commencement of their first production are some of the categories of consumers exempt from Electricity Tax. The revenue collection figures for some recent years in the district has been as follows (in lakhs of rupees); 1983-84: 82.64; 1984-85: 143.07; 1985-86: 223.67; 1986-87: 308.01 and 1987-88: 310.45.

FOREST DEVELOPMENT TAX

Forest Development Tax is levied under the Karnataka Forest Act. Initially the tax rate was 5% which was revised to 8% from 1-4-1980. The tax is levied in respect of all forest produce disposed of by the State Government by sale or otherwise. No distinction is drawn between various types of forest produce for the purpose of tax rate. A total of 90% of the timber produced are sold departmentally and only 10% of the standing trees are auctioned. The Taxation Committee recommended for a higher rate of taxation of 12% on timber and bamboos as they being used by industries as raw materials. The amount collected annually for some recent years has been in lakhs of rupees as follows: 1983-84: 1.14; 1984-85: 0.09; 1985-86: 0.57; 1986-87: 2.04; 1987-88: 2.11.

CENTRAL TAXES

CENTRAL EXCISE

Excise was first used as a general word for toll or tax. The beginning of Excise levy system in India may be said to have been made in 1894 with a levy on cotton which was extended to fine cloth also in 1896. In 1917, Excise duty was imposed on motor spirit and on kerosene in 1922 and silver in 1930. It was only in 1934 that a rationalisation in Excise Duty was made as a revenue measure and extended to other commodities like sugar, matches, steel ingots etc. Duty on tyres and tubes was levied in 1941, vegetable produce in 1943 and on tea, coffee and betlenut in the following year. In 1948 it was extended to cigarettes in addition to tobacco. In subsequent years Excise Duty was imposed on a number of items. the Central Excise Duty now extends to about 136 items accounting to nearly 2/3rds of the Central Excise Revenue.

The various Acts administered by the department are the culmination of the earlier Acts which have been suitably amended. Central Excise duty however is collected under the Central Excise and Salt Act and Rules 1944 which came into effect from 28th February

1944. The rates of duties on various items are levied according to schedule I of the Act. In addition to this Act, the Central Excise Offices are administering the following Acts: 1) Gold Control Act 1968, 2) Customs Act 1962, 3) Foreign Exchange Regulation 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 1937 (COFEPOSA).

CENTRAL EXCISE REVENUE - Item-wise

These figures are for the whole and undivided Bangalore District, amount being in lakhs of Rupees

Sl. No.	Commodity	YEARS				
		1983-84	1984-85	1985-86	1986-87	1987-88
1.	Bidis	1.21	27.22	47.1	69.9	81.3
2.	Mango pulps	-	-	-	0.45	3.3
3.	Ready to serve drinks	-	-	-	-	0.97
4.	Organic chemicals	-	-	-	8.8	-
5.	Matches	0.53	0.52	0.81	0.03	-
6.	Reinforced Plastics	-	2.49	0.25	1.3	38.5
7.	Cotton yarns and fabrics	37.55	34.33	51.9	57.5	51.5
8.	HDPE tapes	-	-	-	30.6	37.7
9.	Man made staple fabrics	-	-	-	-	0.77
10.	HDPE oven sacks	-	-	-	-	2.1
11.	Copper	-	-	-	-	5.02
12.	Tools	-	-	-	0.19	3.7
13.	Boilers	-	-	-	-	2.01
14.	Live telephones apparatus	-	-	-	1.4	22.1
15.	Enamelled copper wire	-	-	-	-	7.5
16.	Watch cases	-	-	0.22	2.0	3.1

	1	2	3	4	5	6
17. Spun yarn		0.07	1.02	-	0.03	-
18. Oil cress		-	0.02	0.09	0.07	-
19. Press paper and press boards		0.3	0.47	0.51	28.5	46.6
20. Electrical insulators		-	7.5	8.7	9.6	8.2
21. Wood and articles of wood		3.22	6.2	2.83	3.3	3.4
22. Plywood		10.76	11.8	7.5	9.1	7.7
23. Paper printed cartons		180.60	387.8	404.1	273.4	193.2
24. Aluminium		-	-	-	8.1	0.7
25. Pharmaceutical products		-	-	-	8.1	6.7
26. Cosmetics and toilet preparations		6.78	7.1	8.9	9.7	11.4
27. Tooth Paste		10.44	11.9	12.3	18.4	13.0
28. Electrical wires and cables		39.41	11.1	6.2	53.3	55.3
Total		338.5	557.9	600.6	639.8	626.1

BANGALORE RURAL DISTRICT

CUSTOMS DUTY

Karnataka Customs Collectorate was formed on 16th May 1983. Numerous industrial establishments in and around Bangalore were availing the facility of warehousing 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 the bonded warehouses to facilitate prompt and speedy clearance of warehouse goods. The jurisdiction of the collectorate extends to the whole of the Karnataka State. Since the inception of the Customs Collectorate, effective controls like transit checks, surveillance over suspected persons and places and searches for contraband goods are carried out as a preventive measure to curb smuggling activities. Further there has been a phenomenal increase in the quantum and variety of raw materials, consumables, components etc., imported for home consumption. The Department enforces the following Acts: 1) The Customs Act, 1962, 2) Customs Traffic Act, 1975, 3) The Conservation of Foreign Exchange and prevention of Smuggling Act, 1974, 4) The Foreign Exchange Regulation Act 1973 5) Imports and Exports Control Act 1947, 6) The Antiquities and Treasure Act 1972, 7) The Dangerous Drugs Act 1930, Etc. Revenue collection pertaining to Bangalore Rural District could not be obtained from the department as district-wise figures are not maintained.

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. 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 structures. The latest amendment to the Act is the Direct Taxes Amendment bill of 1987. The bill 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 person. The income chargeable are income from salaries, income from house property, capital gains, income from the 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. Collection figures for Bangalore Rural District could not be had.

WEALTH TAX

The Wealth Tax Act 1957 was introduced from 1-4-1957. 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. Liabilities in respect of assets chargeable to wealth tax are reduced from the value of the wealth. Wealth tax is levied on the net wealth of a person. Details on collection were not available.

GIFT TAX

The Gift Tax Act 1958 which was introduced from 1-4-1958 covers individuals, Hindu Undivided Families, Companies and certain other persons are chargeable to Gift Tax on the gift made. The term gift has a wider meaning than the definition under the Transfer of Property Act. The Act covers certain transaction under deemed provisions. Earlier the Act provided exemption to a specified limit in respect of gifts to wife or relative. At present the exemption from gift tax is limited. Collection figures on the district were not available.