

# THE UTTAR PRADESH AGRICULTURAL CREDIT ACT, 1973<sup>1</sup>

## [U. P. Act No. 19 of 1973]

*Amended by*

U. P. Act No. 19 of 1975

U. P. Act No. 25 of 1979

U. P. Act No. 24 of 2005

[Passed in Hindi by the Uttar Pradesh Legislative Council on March 22, 1973 and by the Uttar Pradesh Legislative Assembly on April 18, 1973.]

Received the assent of the President on October 17, 1973 under Article 201 of the Constitution of India and was published in Uttar Pradesh Gazette Extraordinary dated October 22, 1973.]

**AN**

**ACT**

*To make provisions to facilitate adequate flow of credit for agricultural production and development through banks and other institutional credit agencies and for matters connected therewith or incidental thereto.*

It is hereby enacted in the Twenty-fourth Year of the Republic of India as follows—

## **CHAPTER-1**

### **PRELIMINARY**

**Short title,  
extent and  
commencement.**

**1.** (1) This Act may be called the Uttar Pradesh Agricultural Credit Act, 1973.

(2) It extends to the whole of Uttar Pradesh.

(3) It shall come into force on such date as the State Government may, by notification<sup>2</sup> in the *Gazette*, appoint in this behalf.

**Definitions**

**2.** In this Act, unless the context otherwise requires—

[(a) 'agriculture' and 'agricultural purpose' includes making land fit for cultivation, cultivation of land, Improvement of land (including development of sources of irrigation), raising and harvesting of crops, horticulture, forestry, cattle breeding, animal husbandry, dairy farming, piggery, poultry farming, seed farming, pisciculture, apiculture, sericulture and such other activities as are generally carried on by persons engaged in any of the aforementioned activities and also includes—

(i) marketing of agricultural products, their storage and transport ;

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1. For S. O. R. see Uttar Pradesh *Gazette* (Extraordinary) dated March 15, 1973.

2. This Act came into force w.e.f. January 1, 1974

Vide notification no. IF 3001 (i)/ X-1-1973 dated December 31, 1973.

(ii) the acquisition of implements and machinery in connection with any such activity ;

(iii) the acquisition of gobar-gas plants ; and

(vi) the establishment and maintenance of agro-service center;

["Provided that the construction of a house for personal use in rural area on abadi land or the repair, modernization or extension thereof and purchase, storage and acquisition of non-conventional or alternate energy plant and machinery or matters connected therewith shall be deemed to be an agricultural purpose for the purposes of this Act."] <sup>1</sup>

**Explanation :** For the purpose of this clause, the expression "agro-service center" means a place or a shop where the entrepreneurs, trained by the U. P. State Agro-Industrial Corporation Limited, carry on the sale of seeds, fertilizers, insecticides, pesticide or other goods of agricultural use or agricultural operations in respect of land he'd by others by tractors or other mechanized process on hire or repair of the agricultural implements ;"] <sup>2</sup>

(b) "agriculturist" means a person who is engaged in agriculture ;

(c) "bank" means—

(i) a banking company, as defined in the Banking Regulation Act, 1949 ;

(ii) the State Bank of India constituted under the state Bank of India Act, 1955 ;

(iii) a subsidiary Bank, as defined in the State Bank of India (Subsidiary Banks) Act, 1959 ;

(iv) a corresponding new Bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 ;

[(v) a financing bank or Central Bank (as defined in the Uttar Pradesh Co-operative Societies Act, 1965) not being a land development bank; ] <sup>3</sup>

(vi) the Agricultural Refinance Corporation constituted under the Agricultural Refinance Corporation Act, 1963 ;

(vii) the U. P. Act State Agro-Industrial Corporation Limited a company incorporated under the Companies Act, 1956.

(viii) the Agricultural Finance Corporation Limited, a company incorporated under the Companies Act, 1956 ; and

[viii-a] "a regional rural bank established under sub-section (1) of section 3 of the Regional Rural Banks Act, 1976"] <sup>4</sup>

(ix) any other financial institution notified by the State Government in the *Gazette* as a bank for the purpose of this Act ;

(d) "Co-operative Society" means a Co-operative society registered or deemed to be registered under the Uttar Pradesh Co-operative Societies act, 1965, the object of which is to provide financial assistance to its members, and includes a co-operative land development bank ;

**Act X of 1949**

**Act XXIII of 1955**

**Act XXXVII of 1959**

**Act V of 1970**

**Act no. X of 1963**

**Act no. 1 of 1956**

**Act no. 1 of 1956**

**U. P. Act no. XI of 1966**

1. Ins. by s.2 of U. P. Act No. 24 of 2005.

2. Subs. by section 2 (i) of U. P. Act No. 25, 1979.

3. Subs. by s. 2 (ii) of U. P. Act No. 19, 1975.

4. Subs. by s. 2 (ii) of U. P. Act No. 25, 1979.

(e) “financial assistance” means assistance [granted, whether before or after the commencement of this Act]<sup>1</sup> by way of loan, advance, guarantee or otherwise (i) either to an agriculturist for agricultural purposes or (ii) to a Co-operative society for enabling it to grant loans and advances to its members for agricultural purposes ;

(f) “law relating to land tenures” means the Uttar Pradesh Zamindari Abolition and Land Reforms Act, 1950, the Uttar Pradesh Urban Areas and Land Reforms act, 1956, the Jaunsar Bawar Zamindari abolition and Land Reforms act, 1956, the Kumaun and Uttarakhand Zamindari abolition and Land Reforms act, 1960, the Uttar Pradesh Consolidation of Holdings Act, 1953 or the U.P. Imposition of Ceiling on Land Holdings Act, 1960, as amended from time to time ;

(g) “Prescribed” means prescribed by rules made under this Act.

## CHAPTER-2

### RIGHTS OF AGRICULTURISTS TO ALIENATE LAND OR INTEREST IN LAND IN FAVOUR OF BANKS

**Vesting of rights of alienation on agriculturists not having such rights.**

[3. The state Government may by notification in the *Gazette*, vest subject to such restrictions as may be specified in the notification, all *bhumidhars*, (\* \* \*)<sup>2</sup> *asamis* and Government lessees, with rights of alienation in land held under their tenure or any interest in such land including the right to create a charge or mortgage on such land or interest in favour of banks generally or any specified class of banks for the purpose of obtaining financial assistance from such banks, and upon issue of such notification, such *bhumidhars*, [\*\*\*]<sup>2</sup> *asamis* and Government lessees shall, notwithstanding anything contained in any law for the time being in force or in any contract, grant or other instrument to the contrary, or any custom or tradition, have a right of alienation in accordance with the terms of the notification.]<sup>3</sup>

**Charge on crop and other movable property in favour of a bank**

4. (1) It shall be lawful for an agriculturist to create a charge on the moveable property owned by him or on the crops raised by him standing or otherwise, or other produce from, land cultivated by him, to the extent of his interests therein, in favour of a bank to secure financial assistance from that bank, notwithstanding that he may not be owner of the land [on and from which such crop or produce is raised.]<sup>4</sup>

**U. P. Act no. XI of 1966.**

(2) Notwithstanding anything to the contrary in [\* \* \*]<sup>5</sup> the Uttar Pradesh Co-operative Societies Act, 1965 or any other law for the time being in force, no charge in respect of any debt or other outstanding demand due to a co-operative society from an agriculturist shall have priority over a charge on the crop raised by him, standing or otherwise, or any other movable property in respect of any financial assistance given to him by a bank provided the financial assistance made by the bank is prior in point of time to the debt or demand of the co-operative society.

[1. Subs. by s. 2 \(iii\) of U. P. Act No. 19, 1975 and be deemed always to have been substituted.](#)

[2. Omitted by Sec. 3 of U. P. Act No. 25, 1979.](#)

[3. Subs. by s. 3 of U. P. Act No. 19, 1975.](#)

[4. Subs. by Sec. 4 \(a\) \*ibid.\*](#)

[5. Omitted by Sec. 4 \(b\) \*ibid.\*](#)

**Distrain and sale  
of produce and  
movables**

**5.** [ \* \* \* ]<sup>1</sup>

**Creation of charge  
on land in favour  
of a bank by  
declaration**

**6.** [(1) An agriculturist desirous of securing financial assistance from, any bank by creating a charge on land or any other immovable property which he owns or in which he has an interest, may make a declaration on a duly stamped paper in the form set out in the schedule or as near thereto as circumstances permit, declaring that thereby he creates in favour of the bank a charge on such land or his interest therein or other immovable property, as the case may be.]<sup>2</sup>

(2) A declaration made under sub-section (1) may be varied from time to time by the agriculturist with the consent of the bank in whose favour the declaration has been made.

**Transfer of charge  
or mortgage to  
land allotted  
during  
consolidation  
operations**

**[6-A.** Where any land held by an agriculturist is subject to a charge or mortgage created in favour of a bank by an agriculturist and the rights, title and interest of the agriculturist in the said land have ceased as a result of the enforcement of the final consolidation scheme under Chapter IV of the U. P. Consolidation of Holdings Act, 1953, such charge or mortgage shall be transferred and attached to the corresponding land allotted to the agriculturist and to the compensation, if any, payable under the said scheme.]<sup>3</sup>

### **CHAPTER-3**

#### **CHARGES AND MORTGAGES IN FAVOUR OF BANKS AND THEIR PRIORITIES**

**Removal of  
disability in  
creation of  
charges and  
mortgages  
U. P. Act no. XI of  
1966**

**7.** [Notwithstanding anything contained in the Uttar Pradesh Co-operative Societies Act, 1965 and Uttar Pradesh Co-operative Land Development Bank Act, 1964 ]<sup>4</sup> or any other law for the time being in force and notwithstanding that any land or interest therein stands already charged or mortgaged to a co-operative society, it shall be lawful for an agriculturist to create a charge or mortgage on such land or interest therein in favour of a bank as security for any financial assistance given to the agriculturists by that bank.

**Priority of charges  
and mortgages in  
favour of  
Government, a  
bank and a Co-  
operative society**

**8.** (1) Notwithstanding anything to the contrary in section 39 of the Uttar Pradesh Co-operative Societies Act, 1965 or section 18 of the Uttar Pradesh Co-operative Land Development Banks Act, 1964 or any other law for the time being in force—

(a) any charge or mortgage created on any land or interest therein in favour of Government shall have priority over any other charge or mortgage that may have been created on such land or interest by an agriculturist in favour of a bank or co-operative society prior to the date the charge or mortgage was created in favour of the Government ;

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1. *Omit by Sec. 5 of U. P. Act No. 19, 1975.*

2. *Subs. by Sec. 6 *ibid.**

3. *Ins. by Sec. 7 *ibid.**

4. *Subs. by sec. 8 *ibid.**

(b) any charge or mortgage created on any land or interest therein in favour of a bank in respect of financial assistance given to an agriculturist by that bank shall have priority over any other charge or mortgage that may have been created on such land or interest in favour of any person other than Government, a co-operative society or any other bank, prior to the date on which the charge or mortgage was created in favour of that bank ;

(c) where different charges or mortgages over the same land or interest therein have been created by an agriculturist in favour of a co-operative society or a bank or more than one bank, any such charge or mortgage created as security for financial assistance given by the co-operative society or the bank or banks by way of term loan for development purposes shall have priority over the other charges or mortgages created in favour of the co-operative society or any of the Banks, provided prior notice of any such financial assistance by way of term loan for development purposes had been given to such co-operative society or bank and such co-operative society or bank had concurred in such financial mortgage is created as security for financial assistance given by way of term loan, the charges or mortgages by way of security for term loan for development purposes shall rank for priority in accordance with the dates of their creation.

**Explanation—** For the purposes of this section, “term loan for development purpose” means financial assistance which would generally lead to improvement of agriculture or building up of assets in agriculture but does not include financial assistance for meeting working capital expenses, seasonal agricultural operations and marketing of crops.

**U. P. Act XVI  
of 1964.**

(2) Nothing in this section shall apply to borrowings only from one or more co-operative societies, including land development banks or the State Land Development Bank as defined in the Uttar Pradesh Co-operative Land Development Banks Act, 1964.

**Registration  
of charge and  
mortgage in  
favour of  
banks.**

**Act no. XVI  
of 1908.**

**9.** (1) Notwithstanding anything contained in the Registration act, 1908, a charge in respect of which a declaration has been made under sub-section (1) of section 6 or in respect of which a variation has been made under sub-section (2) of that section, or a mortgage of any land or interest therein or other immovable property executed by an agriculturist in favour of a bank in respect of financial assistance given by that bank, shall be deemed to have been duly registered in accordance with the provisions of that Act with effect from the date of execution of such charge, variation or mortgage, as the case may be, provided the bank has sent to the Sub-Registrar within the local limits of whose jurisdiction the whole or any part of the property charged or mortgaged is situate, within a period of one month from the date of such execution by registered post acknowledgement due, a copy of the document creating such charge, variation or mortgage duly certified to be a true copy by an employee of the bank authorized to sign on its behalf and the sub-Registrar has filled it in Book No. 1 prescribed under section 51 of the Registration Act , 1908.

(2) The Sub-Registrar shall, as soon as may be, on receipt of the copy of the document referred in sub-section (1) and after ascertaining that said document is duly stamped, file the copy in Book No. 1 prescribed under section 51 of the Registration Act, 1908.

(3) Where the Sub-Registrar is of the opinion that the said document is not duly stamped or suffers from any defect arising out of an accidental slip or omission, he shall send back the copy of the document to the bank requiring it to get the deficiency in the stamp duty made good on the original or to get the defect removed within thirty days or within such extended time as the sub-Registrar may allow in that behalf.

(3-A) The bank shall get the deficiency made good or the defect removed, notwithstanding anything contained in the Indian stamp Act, 1899]<sup>1</sup>

(4) After the deficiency in stamp has been made good [or as the case may be the defect has been removed]<sup>2</sup> the Bank shall send the copy of the document again to the Sub-Registrar in the manner laid down in sub-section (1) and thereupon the Sub-Registrar shall file the copy in Book No. 1 in accordance with the provisions of sub-section (2).

(5) Notwithstanding anything contained in the Registration Act, 1908, it shall not be necessary for the agriculturist or any officer of the bank to appear in person or by agent in any registration office in any proceeding connected with the registration of the document or to sign as provided in section 58, of the said Act.

**Nothing of charge or mortgage in the record-of-rights.**

**[9-A.** Where a copy of the document creating charge, variation or mortgage has been set for registration under section 9, the bank may give intimation to the Tahsildar or such other official as may be designated in this behalf be the State Government, of the particulars of such charge, variation or mortgage. The Tahsildar or the other official shall make a note of the particulars of the charge, variation or mortgage in the record-of-rights relating to the land in respect of which such charge or mortgage has been created or variation has been made.

**Registration of discharge certificates.**

**9-B.** Where any declaration or variation in respect of a charge, or mortgage of any land or interest therein or other immovable property has been registered in accordance with section 9 and the amount of financial assistance secured hereby has been paid to the bank or the debt has been otherwise discharge the Bank shall issue a certificate to that effect and the provisions of the said section shall *mutatis mutandis* apply to the registration of such certificate.]<sup>3</sup>

**Restrictions on creation of tenancy by an agriculturist borrower**

**10.** (1) Notwithstanding anything contained in any law relating to land tenures or any other law for the time being in force, an agriculturist who has availed himself of financial assistance from a bank by creating a charge or mortgage on land or interest therein shall not so long as the financial assistance continues to the outstanding lease or create any tenancy rights on such land or interest therein

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1. Subs. by s. 9 (a) of U. P. Act No. 19, 1975.

2. Ins. by s. 9 (b) *ibid.*

3. Ins. by s. 10 *ibid.*

without prior-permission in writing of the bank nor shall any such rights accrue to any person during that period by reason of unauthorized occupation or adverse possession over such land or interest.

(2) Any lease granted or tenancy rights created in contravention of this section shall be void.

## CHAPTER-4

### RECOVERY OF DUES BY BANKS

**Removal of bar to attachment and sale by process of court.**

**[10-A.** Nothing in any law shall prevent in any manner a bank from causing any land or any interest therein charged or mortgaged to it by an agriculturist to secure any financial assistance, to be attached and sold through a civil court and applying the proceeds of such sale towards all, moneys due to it from that agriculturist including the costs and expenses as may be awarded by the court.

**Distrainment and sale of produce and movables**

**10-B.** (1) Where any sum in respect of any financial assistance granted to an agriculturist remains unpaid on the date on which it falls due, the bank granting the financial assistance may apply to the Tahsildar having jurisdiction for the recovery of the sum due, together with expenses of recovery, by distraint and sale of the movable property or the crop or other produce charged in favour of the bank.

(2) The provisions of the Limitation Act, 1963, shall apply in relation to an application under sub-section (1), as if such application were a suit in a civil court for sale of the movable property for enforcing recovery of the sum referred to in that sub-section.

(3) On receipt of an application under sub-section (1), the Tahsildar or any other official authorized by him may, notwithstanding anything contained in any other law for the time being in force, take action in the manner prescribed for purposes of distraining and selling the property referred to in that sub-section.

(4) Any sum so recovered shall be transferred to the bank after deducting the expenses of recovery and satisfying the Government dues or other prior charge, if any.]<sup>1</sup>

**Recovery of dues of a bank through a prescribed authority**

**11.** [(1) Notwithstanding anything contained in any law for the time-being in force, an officer specified by the state Government by notification in the *Gazette* (hereinafter referred to as the prescribed authority) may, on the application of a bank by order, direct that any amount due to the bank on account of financial assistance given to an agriculturist be paid by the sale of the land or any interest therein or other immovable property which is charged or mortgaged for the payment of such amount :

Provided that no order of sale shall be made under this sub-section unless the agriculturist has been served with a notice by the prescribed authority calling upon him to pay the amount due.

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<sup>1</sup>. *Ins.* by s. 11 of U. P. Act No. 19, 1975.



(1-A) the provisions of the Limitation Act, 1963 shall apply in relation to an application under sub-section (1), as if such application were a suit in civil court for sale of the land or interest therein or other immovable property for enforcing recovery of the sum referred to in that sub-section ]<sup>1</sup> ;

(2) An order passed by the prescribed authority shall, subject to the result of appeal under section 12, be final and be binding on the parties.

(3) Every order passed by the prescribed authority in terms of sub-section (1) or by the appellate authority under section 12 shall be deemed to be a decree of a civil court and shall be executed in the same manner as a decree of such court by the civil court having jurisdiction.

(4) [ \* \* \* \* ]<sup>2</sup>

**Recovery in the case of personal security.**

[11-A. (1) Where any amount of financial assistance is granted by a bank to an agriculturist and the agriculturist fails to pay the amount together with interest on the due date then without prejudice to the provisions of sections 10-B and 11, the local principal officer of the bank by whatever name called may forward to the Collector a certificate in the manner prescribed, specifying the amount due from the agriculturist.

(2) The certificate referred to in sub-section (1) may be forwarded to the Collector within three years from the date when the amount specified in the Certificate fell due.

(3) On receipt of the certificate, the Collector shall proceed to recover from the agriculturist, the amount specified therein together with expenses of recovery, as arrears of land revenue, and the amount due to the bank shall be paid after deducting the expenses of recovery and satisfying any Government dues or other prior charges if any.

**Explanation**—For the purposes of this section, the expression ‘Collector’ means the Collector of the district in which the agriculturist ordinarily resides or carries on the activities referred to in clause (a) of section 2 or where any movable or immovable property of the agriculturist is situate, and includes any officer, authorized by him in that behalf]<sup>3</sup>

**Appeal**

**12.** (1) Any party aggrieved by an order of the prescribed authority under section 11 may, within a period of thirty days from the date of the order prefer an appeal to such appellate authority as may be specified by the State Government by notification in the Gazette.

(2) The appellate authority may, after giving an [opportunity of hearing to the parties, pass such order as it think fit.

**Right of a bank to acquire and dispose of immovable property**

**12-A.** (1) Notwithstanding anything contained in any law for the time being in force, but subject to the provisions of sub-section (2), a bank shall have power to itself acquire any land or interest therein or any other immovable property which has been charged or mortgaged to it by an agriculturist in respect of any financial assistance granted to him.

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1. Subs. by s. 12 (a) of U. P. Act No. 19, 1975.

2. Omit. by s. 12 (b) *ibid.*

3. Ins. by s. 13 *ibid.*



(2) Where a bank acquires any land or interest therein or any other immovable property under sub-section (1). It shall dispose of such land, interest or property by sale in favour of an agriculturist within a time to be prescribed, notwithstanding anything contained in any law for the time being in force.

(3) If the bank has to lease out any land acquired by it under sub-section (1), pending sale thereof as indicated in sub-section (2), the period of lease shall not exceed one year at a time, and the lessee shall not acquire any interest in that property notwithstanding any provisions to the contrary in any other law for the time being in force.

**Recovery of dues from legal representatives**

**12-B.** (1) Where an agriculturist dies before the dues in respect of any financial assistance granted to him have been fully satisfied the bank or the Tahsildar referred to in section 10-B or the prescribed authority referred to in section 11 or the Collector referred to in section 11-A may proceed against the legal representatives of the agriculturist for the recovery of the dues.

(2) Where the proceedings are taken for the recovery against such legal representatives, they shall be liable only to the extent of the property of the deceased which has come to their hands and has not been duly disposed of and for the purpose of ascertaining such liability, the Tahsildar or the prescribed authority or the Collector, as the case may be, may *suo motu* or on application of the bank compel such legal representatives to produce such account as he or it thinks fit.

**Recovery of dues from sureties.**

**12-C.** The provisions of this Act relating to the recovery of dues from an agriculturist and his legal representatives shall *mutatis mutandis* apply to the recovery of such dues from a surety who enters into a contract of guarantee to perform any promise or discharge the liability of an agriculturist in case of his default and to the legal representatives of such surety.]<sup>1</sup>

## **CHAPTER -5**

### **FINANCING OF CO-OPERATIVE SOCIETIES BY BANKS**

**Definition of Registrar.**

**13.** In this Chapter, Registrar means the Registrar of Co-operative Societies, Uttar Pradesh, and includes, except where the context otherwise requires, any other officer exercising the powers of Registrar of Co-operative societies under the Uttar Pradesh Co-operative Societies Act, 1965.

**Bank eligible to become member of a Co-operative Society**

[**13-A.** Notwithstanding anything contained in the Uttar Pradesh Co-operative Societies Act, 1965, or any other law for the time being in force, it shall be lawful for a bank to become a member of a Co-operative Society.

**Power of Co-operative Society to borrow from bank**

**13-B.** Nothing contained in section 60 of the Uttar Pradesh Co-operative Societies Act, 1965, shall bar any co-operative society from borrowing from a bank for the purposes of this Act.]<sup>2</sup>

**Inspection of books of a co-operative society by a bank**

**14. (1)** A bank shall have the right to inspect the books of any co-operative society which has either applied to the bank for financial assistance or is indebted to the bank on account of financial assistance granted earlier.

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<sup>1</sup> *Ins.* by s. 14 of U. P. Act No. 19, 1975.

<sup>2</sup> *Ins.* by s. 15 *ibid.*

(2) The inspection may be carried out by an officer or any other member of the paid staff of the bank with the previous sanction in writing of the Registrar.

(3) Such officer or other member of the staff of the bank, shall at all reasonable times, have access to the books of accounts, documents, securities, cash and other properties belonging to or in the custody of the co-operative society and shall also be supplied by such society such information, statements and returns as may be required by him to assess the financial condition of the society and the safety of financial assistance made or proposed to be made to the society.

**Disputes  
between a  
bank and a  
co-operative  
society**

**15.** (1) Notwithstanding anything contained in the Uttar Pradesh Co-operative Societies Act, 1965 or any other law for the time being in force, any dispute touching the constitution, management or the business of a co-operative society, between a bank giving financial assistance to a Co-operative Society and the Co-operative Society receiving such assistance, other than disputes regarding the disciplinary action taken by the society or its committee against a paid employee of the society, shall be referred by either of the parties to the dispute to the Registrar for decision.

[**Explanation**— A claim by a bank for the recovery of its dues from, a co-operative society in respect of the financial assistance given to it shall be deemed to be a dispute which shall be referred to the Registrar under this sub-section.]<sup>1</sup>

(2) Where any question arises whether, for purposes of the foregoing sub-section, a matter referred to for decision is a dispute or not, the question shall be decided by the Registrar whose decision shall be final.

**Settlement of  
disputes**

**16.** (1) If the Registrar is satisfied that any matter referred to him or brought to his notice is a dispute within the meaning of section 15, the Registrar shall decide the dispute himself or refer it for disposal to any other officer nominated by him.

(2) Where any dispute is referred under the foregoing sub-section for decision to the Registrar's nominee the Registrar may at any time, for reasons to be recorded in writing, withdraw such dispute from his nominee and may decide the dispute himself or refer it again for decision to any other officer nominated by him.

(3) The Registrar may, if he is of the opinion that the question at issue between a co-operative society and a bank is one involving complicated question of law and fact, by order stay action under sub-section (1), until the question has been tried by a regular suit instituted by one of the parties to the dispute. If, however, no suit is instituted within two months of such order, the Registrar shall take action as is provided in sub-section (1).

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<sup>1</sup>. *Ins.* by s. 16 of U. P. Act No. 19, 1975.

**Decision of Registrar or his nominee**

**17.** (1) When the dispute is referred for decision, the Registrar or his nominee may, after giving a reasonable opportunity to the parties to the dispute to be heard, make an award in respect of the dispute, the expenses incurred by the parties to the dispute in connection with the proceedings and fees, expenses payable to the Registrar or his nominee. Such an award shall not be invalid merely on the ground that it was made after the expiry of the period fixed for deciding the dispute by the Registrar and shall, subject only to appeal to the Co-operative Tribunal constituted under section 96 of the Uttar Pradesh Co-operative Societies Act, 1965, be binding on the parties to the dispute.

(2) Nothing in the Arbitration Act, 1940, shall apply to such reference or appeal.

(3) Any person aggrieved by an award of the Registrar or his nominee may within thirty days after the date on which the award is communicated to such person appeal to the Tribunal.

(4) The Tribunal after hearing an appeal under this section may pass such order as it may deem just.

**Recovery of money award**

**18.** Every award given by the Registrar or his nominee or on appeal by the Co-operative Tribunal under section 17 shall be deemed to be a decree of a civil court and shall be executed in the same manner as a decree of such court by the civil court having jurisdiction.

**Powers of a bank to proceed against defaulting members of a Co-operative Society**

**19.** (1) If a Co-operative Society is unable to pay its debts to a bank from which it has borrowed, by reason of its members defaulting in the payment of the moneys due by them, the bank may direct the committee of such Society to proceed against such members by taking action under the Uttar Pradesh Co-operative Societies Act, 1965.

**U. P. Act no. XI of 1966.**

(2) If the committee of the Co-operative Society fails to proceed against its defaulting members within a period of ninety days from, the date of receipt of such direction from the bank, the bank itself may proceed against such defaulting members, in which event, the provisions of the Uttar Pradesh Co-operative Societies Act, 1965, the rules and the bye-laws made thereunder shall apply as if all references to the society or its committee in the said provisions, rules and bye-laws were references to the bank.

(3) [Notwithstanding anything in the Uttar Pradesh Co-operative Societies Act, 1965, where a bank]<sup>1</sup> has obtained a decree or award against a Co-operative society indebted to it the bank may proceed to recover such moneys firstly from the assets of the Co-operative Society and secondly from the members of the Co-operative society to the extent of their debts due to the Society.

[Provided that if any such member who was not a party to any proceedings referred to in sub-section (2) disputes the existence or amount of debt due from him to the society the objection shall be decided in the appropriate execution proceedings.]<sup>2</sup>

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1. *Subs. by Sec. 17 (a) of U. P. Act No. 19, 1975.*

2. *Ins. by Sec. 17 (b) *ibid.**

**Audit inspection and inquiry reports of societies to be available to banks**

**20.** The Registrar shall draw the attention of the bank financing a Co-operative Society to the defects noticed in every audit or inquiry or inspection of such society conducted under Chapter VIII of the Uttar Pradesh Co-operative societies Act, 1965 and shall also supply a copy each of such audit, inquiry or inspection report if demanded, in writing, by the bank.

**CHAPTER-6**

**MISCELLANEOUS**

**Exemption from legislations relating to money lending and agriculturists debt relief**

**21.** Nothing in any law for the time being in force dealing with money-lending or agriculturist's debt relief shall apply to financial assistance given to an agriculturist by a bank.

**Mortgage executed by managers of joint Hindu families**

**22.** (1) notwithstanding anything contained in any law for the time being in force, a mortgage or charge created after the commencement of this Act by the Karta of a joint Hindu family in favour of a bank for securing financial assistance shall be binding on every member of such joint Hindu family.

(2) Where a mortgage or charge created in favour of a bank is called in question on the ground that it was created by the manager of a joint Hindu family for a purpose which was not an agricultural purpose or on any other ground, the burden of proving the same shall lie on the party alleging it.

**Modified application of Section 8 of Act XXXII OF 1956**

**23.** Section 8 of the Hindu Minority and Guardianship Act, 1956, shall apply to a mortgage or charge in favour of a bank for securing financial assistance, subject to the modification that reference to the court therein shall be construed as reference to the Collector or an Assistance Collector authorized by the Collector in that behalf and the appeal against the order of the Collector or such Assistance Collector shall lie to the Commissioner.

**Application of sections 4, 5 and 12 of A no. 36 of 1963**

**24.** The provisions of section 4, 5 and 12 of the Limitation Act, 1963, shall *mutatis mutandis* apply to all proceedings under this Act.

**Power of State government to make rules.**

**25.** (1) The state Government may, by notification in the *Gazette*, make rules for carrying out the purpose of this Act [including any rules prescribing fees in respect of any proceeding under this Act.]<sup>1</sup>

(2) Every rule made under this section shall be laid as soon as may be after it is made, before each House of State Legislature while it is in session for a total period of thirty days, which may be comprised in one session or more than one successive sessions and if, during the said period both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however, that such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

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<sup>1</sup> *Ins. by s. 18 of U. P. Act No. 19, 1975.*

**[SCHEDULE]**

**Declaration under section 6 (1) of the Uttar Pradesh Agricultural Credit Act, 1973.**

Whereas, I..... (aged..... years.....),  
s/o..... r/o.....,  
district..... am desirous of securing a sum of  
Rs..... (rupees.....) as  
financial assistance from ..... Bank (.....branch).

And whereas, the aforesaid bank is willing to grant me the above.  
Amount as financial assistance for purposes of .....

I am, therefore, making this declaration under section 6 (1) of  
the U. P. Agricultural Credit Act, 1973 and bind myself as well as my  
heirs and legal representatives by the following conditions, namely :—

(1) That I am an agriculturist as defined by section 2 (b) of the  
U. P. Agricultural Credit Act, 1973.

(2) That I am the bhumindhar/[\*\*\*\*] <sup>1</sup> /asami/Government  
lessee/ owner of the land or other immovable property specified below or  
I have the following interest in the land or other immovable property  
specified below.....

(3) That I hereby create a charge on the said land or interest  
therein or other immovable property in favour of the aforesaid bank for  
securing financial assistance from such bank.

(4) That I shall repay the amount of financial assistance to the  
bank together with interest @.....percent per  
annum, in the following manner.....

(5) That if I fail to make payment in the manner stated above,  
the property charged may be proceeded against and I shall be liable for  
the costs as well as other charges and expenses of the bank, and for the  
costs, if any, that the bank may have to incur for recovering the sums  
due.

(6) That I shall spend and utilize the amount of financial  
assistance only for the purposes hereinbefore mentioned.

(7) That the contents of this declaration are true to my personal  
knowledge and no part of it is false or incorrect.

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[1. Omit. by s. 4 of U. P. Act No.25 of 1979.](#)

**Description of the land or interest therein or other immovable property charged in favour of the bank**

Name of Village	Name of pargana and tahsil	Name of district	Survey No.	City Survey No.	Boundaries Area
			Plot no.	Plot hissa	South- East North - West

Assessment Rupees Paise	Approximate value	Encumbrances Nature	Amount	Remarks if any
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**IN WITNESS WHEREOF**, I, Sri.....

Here under set my hand this.....day of ..... in the year one thousand nine hundred and.....

**WITNESSES**

Signed and delivered by the above named in the presence of—

(1)

(2)

**Signature of Declarant.**

**FORWARDER** with compliments of the Sub-Registrar with a request to record the particulars of the charge created under the declaration in his office.

**Manager/Agent,**

.....**Bank,**

**Place**.....

Returned with complements to the Manager/Agent.....  
Bank..... The charge created under the declaration has been duly filed.

**Sub-Registrar**

.....]<sup>1</sup>

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1. Subs. by s. 19 of U. P. Act 19, 1975.

