GOVERNMENT OF PUNJAB

DEPARTMENT OF LEGAL AND LEGISLATIVE AFFAIRS

THE PUNJAB AGRICULTURE CREDIT OPERATIONS AND MISCELLANEOUS PROVISIONS (BANKS) ACT, 1978

(PUNJAB ACT 5 OF 1979)

(*As amended upto the 15thAugust, 2025*)

THE PUNJAB AGRICULTURE CREDIT OPERATIONS AND MISCELLANEOUS PROVISIONS (BANKS) ACT, 1978

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[1]THE PUNJAB AGRICULTURE CREDIT OPERATIONS AND MISCELLANEOUS PROVISIONS (BANKS) ACT, 1978

(Punjab Act No. 5 of 1979)

[Received the assent of the President of India on the 7th March, 1979 and was

1	2	3	4
Year	No.	Short Title	Whether repealed or otherwise affected by the legislation
1979	5	The Punjab Agriculture Credit Operations and Miscellaneous Provisions (Banks) Act, 1978	Amended by Punjab Act No. 12 of 2014

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.

BE it enacted by the Legislature of the State of Punjab in the Twenty-ninth

Year of the Republic of India as follows :-

CHAPTER I

PRELIMINARY

Short title, Operations and extent and commencement

1. (1) This Act may be called the Punjab Agricultural Credit Operations and Miscellaneous Provisions (Banks) Act, 1978.

(2) It extends to the whole of the State of Punjab.

(3) It shall come into force on such date as the State Government may, by notification, appoint and different dates may be appointed for different provisions of this Act and for different areas of the State.

Definitions.

2. In this Act, unless the context otherwise requires, -

(a) "agriculture" and "agricultural purpose" shall include making land fit for cultivation, cultivation of land, improvement of land including development of sources of irrigation, raising, protecting and harvesting of crops, horticulture, forestry, planting and farming, cattle breeding, animal husbandry, dairy farming, seed farming, pisciculture, apiculture, sericulture, piggery, poultry farming and such other activities as are generally carried on by agriculturists, dairy farmers, cattle breeders, poultry farmers and other categories of persons engaged in similar activities including marketing of agricultural products, their storage and transport and the acquisition of implements and machinery in connection with any such activity;

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

(c) "Agro-Industries Corporation" means a company or other body corporate, one of the principal objectives of which is to undertake activities connected with or intended for the development of agriculture and not less than fifty-one per centum of the paid up share capital of which is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments;

(d) "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) any of the banks mentioned in column 2 of the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970;

(v) any banking institution notified by the Central Government

under section 51 of the Banking Regulation Act, 1949;

(vi) the Agricultural Refinance Corporation constituted under the

Agricultural Refinance Corporation Act, 1963;

(vii)the Agro-Industries Corporation as defined in clause (c);

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

(ix) any other financial institution notified by the State Government

and]

2[(x) the Punjab State Co-operative Bank, the Central Co-operative Banks, Urban Co-operative Banks, Primary Co-operative Agriculture Development Banks, Primary Co-operative Societies granting financial assistance to its members, registered under the Punjab Co-operative Societies Act, 1961;]

(e) "co-operative society" means a co-operative society as defined in

clause (c) of section 2 of the Punjab Co-operative Societies Act, 1961, the object of which is to provide financial assistance as defined in clause (f) of this section to its members and includes the co-operative land mortgage bank;

(f) "financial assistance" means assistance granted by way of loans,

advances, guarantee or otherwise for agricultural purpose;

(g) "Registrar" means the Registrar as defined in clause (j) of section 2 of

the Punjab Co-operative Societies Act, 1961.

CHAPTER II

RIGHTS OF AGRICULTURISTS TO CREATE CHARGE ON LAND AND INTERESTS THEREIN IN FAVOUR OF BANKS

Charge on crop and other moveable property in favour of bank.

1Substituted for sign ";" by Punjab Act No. 12 of 2014, Section 2

2Added by Punjab Act No. 12 of 2014, Section 2

3. (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, to the extent of his interest therein, in favour of a bank, to secure financial assistance from that bank, notwithstanding that he may not be the owner of the land on and from which the crop is raised.

(2) Notwithstanding anything to the contrary contained in the Punjab Co- operative Societies Act, 1961, or any other law for the time being in force, no charge in respect of financial assistance extended by a co-operative society to an agriculturist shall have priority over a charge on the crops raised by him, standing or otherwise, or any other moveable property in respect of any financial assistance given to him by a bank:

Provided that the financial assistance made by the bank is –

(a) prior in point of time to that of the financial assistance extended by the co-operative society; and

(b) on a certificate, in the form prescribed, from the co-operative society or co-operative societies in the area where the agriculturist resides.

(3) A co-operative society in the area where the agriculturist holds land shall on demand by him issue a certificate referred to in sub-section (2).

(4) The Registrar or any other person appointed by him in this behalf shall prepare a list of co-operative societies registered under the Punjab Co-operative Societies Act, 1961, and publish the same in the Official Gazette after such interval as may be prescribed.

(5) A bank may distrain and sell through an official of the State Government, designated in this behalf by the State Government, the crop or other produce or other moveables charged, to that bank to the extent of the agriculturist's interest therein and appropriate the proceeds of such sale towards all money due to the bank from that agriculturist.

Creation of charge on land other than immoveable property in favour of bank by declaration.

4. (1) Where an agriculturist creates a charge on land, or any immoveable property which he owns or in which he has an interest in respect of any financial assistance given to him by a bank, he may make a declaration on the lines of 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 other immoveable property or his interest therein, as the case may be, to secure the financial assistance given to him by the bank.

(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 and every such variation shall take effect as if it had been an original declaration.

Registration of charge in favour of bank.

[1][4-A. (1) Notwithstanding anything contained in the Registration Act, 1908 (Central Act 16 of 1908), a charge in resect of which a declaration has been made under sub-section (1) of section 4 of this Act or in respect of which a variation has been made under sub-section (2) of section 4 of this Act, shall be deemed to have been duly registered in accordance with the provisions of that Act with effect from the date of such charge or variation, as the case may be, provided that the bank sends to the Sub-Registrar or Joint Sub-Registrar within the local limits of whose jurisdiction the whole or any part of the property charged is situated, within a period of sixty days, through a registered post acknowledgement due or in person, a copy of the document creating such charge or variation duly certified to be true copy by an employee of the bank authorized to sign on its behalf.

(2) The Sub-Registrar or the Joint Sub-Registrar, as the case may be, receiving the declaration referred to in sub-section (1), as immediately as practicable on receipt thereof, record in a register to be maintained in this behalf, the fact of the receipts of such declaration or variation.

Nothing of an charge created in favour of bank in the record of rights.

4-B. Wherever a charge is created on the land in favour of a bank by agriculturist under section 4 of the Act, the bank may given intimation in writing to the Tehsildar or Naib-Tehsildar within the local limits of whose jurisdiction the whole or any part of the property charged is situated or such other revenue official as may be designated in this behalf by the State Government, of the particulars of

[1] Inserted by Punjab Act No. 12 of 2014, Section 3

the charge in its favour. The Tehsildar, Naib-Tehsildar or other revenue official shall make a note of the particulars of charge in the record of rights relating to the land over which the charge has been created.]

CHAPTER III

CHARGES AND MORTGAGES IN FAVOUR OF BANKS AND THEIR PRIORITIES

Removal of disability in creation of charges and mortgages.

5. Notwithstanding anything to the contrary contained in the Punjab Co-operative Societies Act, 1961, 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 agriculturist by that bank.

Priority of charges and mortgages in favour of Government, bank and co-operative society.

6. (1) Notwithstanding anything to the contrary contained in any law for the time being in force but subject to any prior claim of the State Government in respect of land revenue, -

(a) no charge or mortgage created on any land or interest therein after the commencement of this Act, in favour of the State Government or a co-operative society shall have priority over a charge or mortgage on such land or interest created by an agriculturist in favour of a bank as security for financial assistance given to the agriculturist by the bank after the commencement of this Act and prior to the charge or mortgage in favour of the State Government or the co-operative society; and

(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 over such land or interest in favour of any person other than the State Government, a co-operative society or any other bank, prior to the date on which the charge or mortgage was created in favour of the bank.

(2) Where different charges or mortgages over the same land or interest therein have been created by an agriculturists in favour of the State Government, 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 State Government, Co-operative society or the bank or banks by way of term loans for development purposes shall have priority over the other charges or mortgages created in favour of the State Government, 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 the State Government, co-operative society or bank and the State Government, co-operative society or bank has concurred in such financial assistance, and where more than one such charge or mortgage is 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 will rank for priority in accordance with the dates of their creation.

Explanation,- For the purposes of this section "term loan for development purposes" shall mean financial assistance which would generally lead to improvement of agriculture or building up of assets in agriculture but shall not include financial assistance for meeting working capital, expenses for seasonal agricultural operations and marketing of crops.

(3) Nothing contained in this section shall apply to borrowings only from one or more co-operative societies including land mortgage banks.

Restrictions on creation of tenancy by agriculturist borrower.

7. (1) Notwithstanding anything contained in any 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 be outstanding, lease or create any tenancy rights on such land or interest therein without prior permission in writing of the bank if he has not already leased or created tenancy rights thereon at the time of availing of the financial assistance from the bank.

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

CHAPTER IV
ARRANGEMENTS FOR RECOVERY OF DUES BY BANKS

Recovery or dues of bank through prescribed authority.

8. (1) An official of the State Government notified by the State Government as the prescribed authority for the purpose of this section may, on the application of a bank, make an order against any agriculturist or his heir or legal

representative, directing the payment of any sum due to the bank on account of financial assistance availed of by the agriculturist, by the sale or any land or any interest therein upon which the payment of such money is charged or mortgaged: Provided that no order shall be made by the prescribed authority under this section for the sale of any land or any interest therein or any other immoveable property upon which the payment of money is charged or mortgaged unless the agriculturist or the heir or legal representative of the agriculturist, as the case may be, has been served with a notice by the prescribed authority calling upon him to pay the amounts due.

(2) Every order passed by the prescribed authority under sub-section (1) 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.

(3) The bank shall pay to the State Government such fee as may be prescribed for the services rendered by the State Government in connection with the recovery of dues of the bank.

(4) Nothing contained in this section shall debar a bank from seeking to enforce its rights in any other manner open to it under any other law for the time being in force.

Right of bank to acquire and dispose of immovable property.

9. (1) Notwithstanding anything contained in any law for the time being in force, a bank shall have the power to itself acquire agricultural 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 availed of by him, provided the said land or interest therein or any other immovable property has been

sought to be sold by public auction and no person has offered to purchase it for a

price which is sufficient to pay to the bank the moneys due to it.

(2) A bank which acquires land or interest therein or any other

immovable property in exercise of the power vested in it under sub-section (1)

shall dispose it of by sale, within a period to be specified by the State Government

in this behalf.

(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 land or property notwithstanding any provision to the contrary contained in any other law for the time being in force.

CHAPTER V

FINANCING OF CO-OPERATIVE SOCIETIES BY BANKS

Bank eligible to become member of co-operative society.

10. Notwithstanding anything contained in the Punjab Co-operative Societies Act, 1961, or any 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 societies to borrow from bank.

11. Notwithstanding anything contained in the Punjab Co-operative Societies Act, 1961, it shall be lawful for any co-operative society to borrow from a bank.

Inspection of co-operative books of co-operative society by bank.

12. (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.

(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) The officer or any other member of the paid staff of the bank undertaking such inspection, 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 inspected by him, 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 in order to ensure the safety of financial assistance to be made or already made to it.

Disputes between bank and co-operative society.

13. (1) Notwithstanding anything contained in 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 financing a co-operative society and the co-operative society so financed other than dispute 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.

(2) Where any question arises whether, for purposes of sub-section (1), 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.

14. (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 13, the Registrar shall decide the dispute himself or refer it for disposal to the nominee or a board of nominees appointed by him.

(2) Where any dispute is referred under sub-section (1) for decision to the Registrar's nominee or board of nominees, the Registrar may, at any time, for reasons to be recorded in writing, withdraw such dispute from his nominee, or board of nominees and may decide the dispute himself or refer it again for decision to any other nominee or board of nominees appointed by him.

(3) Notwithstanding anything contained in section 13, the Registrar may if he thinks fit, suspended proceedings in regard to any dispute if the question at issue between a co-operative society and a bank is one involving complicated questions of law and fact, until the question has been tried in a regular suit instituted by one of the parties to the dispute, but if such suit is not instituted within two months from the Registrar's order suspending proceedings, the Registrar shall take action as is provided in sub-section (1).

Procedure for hearing of disputes.

15. The Registrar or his nominee or board or board of nominees shall hear the dispute under section 14 in the manner prescribed by the Registrar in this behalf.

Decision of Registrar or his nominee or board of nominees.

16. When the dispute is referred for decision, the Registrar or his nominee or the board of nominees may, after giving a reasonable opportunity to the parties for the dispute to be heard, make an award on the dispute, on the expenses incurred by the parties to the disputes in connection with the proceedings and fees, expenses payable to the Registrar or his nominee or as the case may be, to the board of nominees. 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 be binding on the parties to the dispute.

Recovery of money awarded.

17. Every award given by the Registrar or his nominee or the board of nominees under section 16, shall, if not carried out, on a certificate signed by the Registrar, be deemed to be a decree of a civil Court and shall be executed in the same manner as a decree of such Court.

Powers of banks to proceed against defaulting members of co-operative society.

18. (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 money due by them, the bank may direct the committee of such society to proceed against such members by taking action under the Punjab Co-operative Societies Act, 1961.

(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 directions from the Bank, the bank may itself proceed against such defaulting members in which event the provisions of the Punjab Co-operative Societies Act, 1961, the rules and 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) Where a bank 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.

Audit, inspection and inquiry reports of societies to be

19. The Registrar shall draw the attention of the bank financing a co- operative society to the defects noticed in every audit, inquiry or inspection of such society

available to conducted under the provisions of the Punjab Co-operative Societies Act 1961, and banks. shall also supply a copy of such audit, inquiry or inspection report, if demanded in writing by the bank.

CHAPTER VI MISCELLANEOUS

Exemption from legislations relating to money lending and agriculturist's debt relief.

20. Noting in any law for the time being in force dealing with money-lending or agriculturist's debt relief shall apply to financial assistance availed of by an agriculturist from a bank.

Mortgages executed by managers of joint Hindu families.

21. (1) Notwithstanding anything contained in any law for the time being in force, mortgages executed after the commencement of this Act by the manager of a joint Hindu family in favour of a bank for securing financial assistance for an agricultural purpose shall be binding on every member of such joint Hindu family.

(2) Where a mortgage executed in favour of bank is called in question on the ground that it was executed by the manager of a joint Hindu family for a purpose not binding on the members (whether such members have attained majority or not) thereof, the burden of proving the same shall lie on the party alleging it.

Modified application of section 8 of Central Act 32 of 1956.

22. Section 8 of the Hindu Minority and Guardianship Act, 1956, shall apply to mortgages in favour of a bank subject to the modification that reference to the Court therein shall be construed as reference to the Collector or his nominee and the appeal against the order of the Collector or his nominee shall lie to the Commissioner.

Power to make rules.

23. (1) The State Government may make rules to provide for all matters for

which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act and all such rules shall be published in the Official Gazette.

(2) The rules framed under sub-section (1) shall be subject to previous publication.

(3) Every rule made under this section shall be laid as soon as may be after it is made, before the House of the State Legislature while it is in session for a total period of ten days which may be comprised in one session or in two or more successive sessions and if, before the expiry of the session in which it is so laid or the successive sessions aforesaid, the House agrees in making any modification in the rule or the House agrees 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 any such modification or annulment shall be without prejudice to the validity of anything previously done or omitted to be done under that rule.

SCHEDULE

Declaration under Section 4(1)

I, _____aged_____year s)

residing at _____, being desirous of availing myself of financial assistance from the _____bank, make this declaration as required by sub-section (1) of section 4 of the Punjab Agricultural

Credit Operations and Miscellaneous Provisions (Banks) Act, 1978, that I, _____own land/other immovable property/have interest as a

tenant in the land specified below, and I hereby create a charge on the said land,

other immovable property, interest in land in favour of the bank for securing the

financial assistance which the bank may make and for all future assistance, if any,

which the bank may make to me together with interest and costs and expenses thereon.

Name of Revenue Estate	Name of Tehsil	Name of District	Khasra Number	Boundaries South, North, East West	Area in Acres
1	2 3	4	5	6	

Encumbrances, if any

Assessment Rupees Paise	Approximate Value	Nature	Amount	Remarks, if any
7	8	9	10	11

In witness whereof, I, _____hereunder 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) _____