

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

Ref. No. RFC/FR/F/Policy-9/2359

Dated : 06.12.06

**CIRCULAR
(FR- 416)**

**Reg : Time frame for initiation of legal action
where two or more instalments of principal
sum or interest are in default**

In order to streamline the procedure and to bring uniformity with regard to initiation of legal action u/s 30/29 of the SFCs Act, 1951 in the event of default in all cases it has been decided that on default of two or more consecutive instalments of principal sum or interest legal action should invariably be initiated u/s 30/29 of the SFCs Act.

It has also been observed that there is no uniformity in the time frame for legal notices issued by the branch offices. It has also been observed that after expiry of legal notice prompt action is not taken in fixing date of takeover of possession u/s 29.

It has, therefore, been decided to prescribe the time frame with regard to initiation of legal action u/s 30/29 of the SFCs Act as follows :

"If the persuasive efforts after first default do not yield results and the loanee fails to clear overdues as per the norms then, legal action u/s 30/29 should invariably be initiated immediately on default of two or more instalments of principal sum or interest as follows:

- a) Legal notice should be issued u/s 30 immediately after two defaults within seven days giving 15 days time.
- b) After expiry of legal notice date of takeover of possession should be fixed giving not more than 15 days time. It should be ensured that notice for takeover of possession is issued within seven days from the date of expiry of legal notice.
- c) In those cases, where branch office has strong reasons for not issuing legal notice even after two or more instalments are in default, then the BM should record the reasons and send to DGM(R), who after due scrutiny may take a view to dispense with issuance of legal notice u/s 30 and direct to branch office to initiate legal action u/s 32(G)."

Accordingly, point no. 4.1, 4.3, 4.4, 4.6 and 4.8 of Chapter no. FR-4 of P&G are hereby amended.

All concerned are advised to make note of the above and ensure strict compliance of these instructions in all cases of assisted units in default.

(B.N. Sharma)

CHAIRMAN & MANAGING DIRECTOR

Copy to :

1. All ROs/BOs/Sub Offices
2. DGM(A&I), (WZ), Ajmer
3. Standard circulation at HO