

**RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)**

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27

**CIRCULAR
(FR-502)**

Reg : Legal action for recovery of dues u/s 30 / 29 – against primary / collateral securities simultaneously

It has been observed that for recovery of Corporation dues, legal action u/s 32(G) has been initiated even in the cases where primary assets and collateral security is available. The Revenue authorities sometimes return RODs in such cases with the direction to take legal action u/s 30/29 against these mortgaged assets.

Instructions already exist in the Recovery strategy : 2007-08 (Circular No.FR-447 dated 1.5.07) that all cases having collateral security should not be allowed to commit default and in the event of having remained failure in making payment of the Corporation dues by the loanee party, action for possession of primary security and collateral security should be taken as a general rule.

Besides the clear cut directions, it has been observed that the BOs have preferred to use section 32(G) indiscriminately without first resorting to action u/s 30 / 29 against the collateral security as well as primary assets. It is always prudent to recover dues of the Corporation from primary security and collateral security first u/s 30 / 29.

It has, therefore, been decided that:

- i) For recovery of Corporation dues powers u/s 30 / 29 will be exercised against primary assets and collateral security simultaneously;
- ii) In several cases there is primary security / collateral security despite that the BOs have referred the cases to Revenue Authorities u/s 32(G) – it has been decided that in all such cases the action u/s 32(G) may be kept in abeyance as per the instructions already exist at point No.5 of FR circular No.332 dated 18.2.2005 (where the Revenue authorities have not yet attached the securities) and immediate legal action u/s 30/29 is taken without fail. This will also apply in all cases irrespective of the fact that it is a general case or a deficit case.

All concerned are advised to make a note of the above and scrutinize all the cases and take action accordingly.

(B.N.SHARMA)

CHAIRMAN & MANAGING DIRECTOR

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