



Ref.No.KSFC/HO/CMD/Legal/901/C-1107/2010-11

Date: 17.06.2010

## INTER OFFICE NOTE

Sub: Action under Provincial Insolvency Act.

During the review of chronic cases it has come to the notice that there are a few cases where Corporation is not able to recover its dues as the party may have transferred properties standing in his name to defeat the claim of the Corporation, the Borrower is not available at his dwelling house or usual place of business for discussion when the officers of the Corporation visit for recovery on numerous instances with an intent to avoid meeting the officers, properties belonging to such person have been sold in execution of decree of any other bank or institution for payment of money or he could have been imprisoned in execution of any decree of the Court for payment of money in other cases.

Section 6 of the Provincial Insolvency Act describes acts of insolvency. A creditor can also file an insolvency petition before the District Court if the debtor commits any acts of insolvency as enumerated in the Act. During discussions it is also learnt from the recovery officers that such persons are leading comfortable and luxurious life although they continue to be defaulters without making any payment to the Corporation towards its dues.

Branch Officers are advised to identify such of the cases which meet any of the above criteria and get legal notice issued through the Local Counsel indicating to the Borrower that the Corporation intends to file insolvency petition in the Court in the event payment is not made. The reply, if any, received must be forwarded to the Head Office for obtaining prior approval for filing the Insolvency Petition. Branches are also advised to review their chronic portfolio to identify cases where such action can be initiated by examining the facts carefully before getting legal notice issued.

On such review, in all cases where it is found that the Corporation can recover monies by filing an Insolvency Petition, prior approval from the Head Office must be obtained before filing such case.

Sd/-

CHAIRMAN & MANAGING DIRECTOR

All BMs / AGMs  
DGMs of Super 'A' Grade BOs  
Zonal Managers / HODs / IA Cells  
General Managers  
Executive Directors – for information.