

State Financial Corporations Act, 1951

Section 29 - Rights of Financial Corporation in Case of Default

(1) Where any industrial concern, which is under a liability to the Financial Corporation under an agreement, makes any default in repayment of any loan or advance or any instalment thereof¹[or in meeting its obligations in relation to any guarantee given by the Corporation] or otherwise fails to comply with the terms of its agreement with the Financial Corporation, the Financial Corporation shall have the²[right to take over the management or possession or both of the industrial concerns], as well as the³[right to transfer by way of lease or sale] and realise the property pledged, mortgaged, hypothecated or assigned to the Financial Corporation.

(2) Any transfer of property made by the Financial Corporation, in exercise of its powers⁴[* * *] under Sub-section (1), shall vest in the transferee all rights in or to the property transferred⁵[as if the transfer] had been made by the owner of the property.

(3) The Financial Corporation shall have the same rights and powers with respect to goods manufactured or produced wholly or partly from goods forming part of the security held by it as it had with respect to the original goods,

⁶[(4)⁷[Where any action has been taken against an industrial concern] under the provisions of Sub-section (1), all costs,⁸[charges and expenses which in the opinion of the Financial Corporation have been properly incurred] by it⁹[as incidental thereto] shall be recoverable from the industrial concern and the money which is received by it¹⁰[* * *] shall, in the absence of any contract to the contrary, be held by it in trust to be applied firstly, in payment of such costs, charges and expenses and, secondly, in discharge of the debt due to the Financial Corporation, and the residue of the money so received shall be paid to the person entitled thereto.]

(5)⁷[Where the Financial Corporation has taken any action against an industrial concern] under the provisions of Sub-section (1), the Financial Corporation shall be deemed to be the owner of such concern, for the purposes of suits by or against the concern, and shall sue and be sued in the name of¹¹[the concern].

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1. Inserted by Act 77 of 1972, section 19 (w.e.f. 30-12-1972).
 2. Substituted by Act 77 of 1972, section 19, for "right to take over the management of the industrial concern" (w.e.f. 30-12-1972).
 3. Substituted by Act 56 of 1956, section 14, for "right to sell" (w.e.f. 1-10-1956).
 4. The words "of sale and relaisation" omitted by Act 56 of 1956, section 14 (w.e.f. 1-10-1956).
 5. Substituted by Act 56 of 1956, section 14, for "as if the sale" (w.e.f. 1-10-1956).
 6. Substituted by Act 56 of 1956, section 14, for sub-section (4) (w.e.f. 1-10-1956).
 7. Substituted by Act 77 of 1972, section 19, for certain words (w.e.f. 30-12-1956).
 8. Substituted by Act 6 of 1962, section 14, for "charges and expenses properly incurred" (w.e.f. 16-4-1962).
 9. Substituted by Act 77 of 1972, section 19, for "as incidental to such management, or transfer and realization."
 10. The words "from such management, or transfer and realization" omitted by Act 77 of 1972, section 19 (w.e.f. 30-12-1972).
 11. Substituted by Act 6 of 1962, section 14, for "the owner fo the concern" (w.e.f. 16-4-1962).
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