IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT:

THE HONOURABLE MR.JUSTICE K.VINOD CHANDRAN

FRIDAY, THE 12TH DAY OF JUNE 2015/22ND JYAISHTA, 1937

WP(C).No. 1285 of 2015 (I)

PETITIONER :

MS. JESNA JAIN
D/O.JOY JAIN, AGED 19 YEARS,
PAMPLANI HOUSE, VILANGAD P.O.
VATAKARA TALUK, KOZHIKODE DISTRICT
KERALA-673 506.

BY ADVS.SRI.K.K.BALAKRISHNAN (KODIYURA)
SMT.S.NAZEERA

RESPONDENT(S) :
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1. THE UNION OF INDIA
REPRSENTED BY THE SECRETARY, MINISTRY OF FINANCE
NORTH BLOCK, NEW DELHI-110 001.

2. RESERVE BANK OF INDIA
REPRESENTED BY ITS ASSISTANT GENERAL MANAGER
PB NO.6507, BAKERY JUNCTION, THIRUVANANTHAPURAM-695 033.

3. THE STATE OF KERALA,
REPRESENTED BY CHIEF SECRETARY, STATE SECRETARIAT
THIRUVANANTHAPURAM-695 001.

4. THE CHAIRMAN,
KERALA GRAMIN BANK, HEAD OFFICE, PB NO.10
HEAD OFFICE, KGB TOWERS, AK ROAD, UPHILL
MALAPPURAM, KERALA, PIN-696 505.

5. THE BRANCH MANAGER,
KERALA GRAMIN BANK, VILANGAD BRANCH, VILANGAD P.O.
VATAKARA TALUK, KOZHIKODE DISTRICT, KERALA-673506.

R1 BY ASST. SOLICITOR GENERAL OF INDIA SRI.N.NAGARESH
R3 BY GOVT. PLEADER SMT. C.K. SHERIN
R4 & R5 BY ADVS. SRI.DEVAN RAMACHANDRAN
SRI.K.M.ANEESH
SRI.K.SANTHOSH KUMAR (KALIYANAM)
SRI.ADARSH KUMAR

THIS WRIT PETITION (CIVIL) HAVING BEEN FINALLY HEARD ON 12-06-2015, THE COURT ON THE SAME DAY DELIVERED THE FOLLOWING:

Mn

WP(C).No. 1285 of 2015 (I)

APPENDIX

PETITIONERS' EXHIBITS :

EXHIBIT P1:	**TRUE COPY OF THE NOTIFICATION OF RAJIV GANDHI UNIVERSITY OF HEALTH SCIENCES, KARNATAKA DATED 10.12.2013.**
EXHIBIT P2:	**THE COPY OF THE COURSE CERTIFICATE ISSUED BY BHARATHI COLLEGE OF PHARMACY DATED 17.10.2014.**
EXHIBIT P3:	**THE COPY OF THE FEE EXPENDITURE CERTIFICATE ISSUED BY BHARATHI COLLEGE OF PHARMACY DATED 30.09.2014.**
EXHIBIT P4:	**THE COPY OF THE APPLICATION FOR EDUCATION LOAN ISSUED BY 5TH RESPONDENT.**
EXHIBIT P5:	**THE COPY OF THE DETAILS OF CO OBLIGANT DEMANDED BY 5TH RESPONDENT.**
EXHIBIT P6:	**COPY OF THE CERTIFICATE ISSUED BY BHARATHI COLLEGE OF PHARMACY DATED 23.3.2015.**

RESPONDENT(S)' ANNEXURES :

ANNEXURE R4(a)	**COPY OF THE RELEVANT PAGES OF THE CIRCULAR BEARING NOS. 32/2013 DATED 19/11/2013 OF THE RESPONDENT BANK.**

//TRUE COPY//

P.S. TO JUDGE

Mn

K. Vinod Chandran, J.

W.P(C) No.1285 of 2015-I

Dated this the 12th day of June, 2015

JUDGMENT

The petitioner is aggrieved with the rejection of a loan application made by the petitioner before the respondent-Bank. The petitioner is said to have got herself admitted to the Diploma in Pharmacy (Pharm D) course at Karnataka in the year 2013. The petitioner produced Exhibit P4 application, which is said to have been made before the 5th respondent in accordance with the scheme framed for disbursement of 'Educational Loans'. The petitioner contends that the Bank is insisting for the parent or guardian to be a joint borrower as also for collateral security for loans above Rs.2.5 lakhs.

2. At the outset, it has to be noticed that the petitioner does not, in the writ petition, say as to when such an application was made. It is also not evident from Exhibit P4 as to the date on which the said application was made. However, it is admitted that the petitioner had applied under a specific scheme, which is produced by the respondent-Bank as Annexure R4(a) and that the

petitioner had been admitted to the course under the management quota. The petitioner is also said to be continuing her studies.

3. The Scheme produced at Annexure R4(a) contemplates disbursement of three types of loans:

> "1. Educational Loan IBA Model scheme (for meritorious students)
> 2. Educational Loan MQ - (for Management Quota)
> 3. Educational Loan VT - (for Vocational Training courses)".

The petitioner is not admitted to a Vocational Training course nor is she a candidate admitted on merit. The terms of disbursement of an educational loan to the petitioner, hence, has to be regulated by the 'Educational Loan MQ - (for management Quota)'. The terms under which the same is disbursed is also seen to be specified in Clause 2.5 under the head "Security". For loans upto Rs.2.5 lakhs, the Bank does not insist on a collateral security; but requires an assignment of future income of the student as also parent or guardian to be joint borrowers. For loans above Rs.4 lakhs, collateral security is insisted upon and the petitioner's contention is that she being a meritorious student as is revealed from the marks obtained, the petitioner should be granted loan under the category of 'meritorious students'. Merit alone is not the prescription to grant a loan under the Scheme, because that would cause difficulty for the officials to make a subjective satisfaction as to the merit of each of the students. What would be required under the scheme is an examination of whether the student has been admitted on merit or under management quota, since those two categories are clearly and distinctively dealt with in the scheme.

4. There is no challenge to the terms of the scheme; nor could it be, since it is for the Bank to frame a scheme and bring in conditions at its discretion. The petitioner has a case that the Indian Banks' Association [IBA] guidelines mandate collateral security only for loans above Rs.4 lakhs. The learned counsel also relies on ***State Bank of Travancore v. Vasantha Kumari*** **[2013 (1) KLT 649]** to contend that the respondent-Bank cannot deviate from the scheme. The said decision dealt with powers of the Reserve Bank of India, both directory and regulatory as provided under the Banking Regulation Act, 1949. The IBA guidelines relied on has no such statutory force. Further, the Scheme itself brought out by the IBA, handed over across the Bar, speaks so on its applicability:

> "3. APPLICABILITY OF THE SCHEME:
>
> The scheme detailed below could be adopted by all member banks of the Association or other banks and financial institutions as may be advised by the Reserve Bank of India. The scheme provides broad guidelines to

> the banks for operationalising the educational loan scheme and the implementing bank will have the discretion to make changes as deemed fit".

Hence, the discretion is squarely on the individual bank and the terms, in any event, cannot be found to be arbitrary. In such circumstances, this Court is not inclined to interfere with the discretion exercised by the Bank in accordance with the terms of the scheme.

Writ petition fails and would stand dismissed. No costs.

Sd/-
K. Vinod Chandran,
Judge

vku/

[true copy]