

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 05.02.2015

CORAM:

THE HONOURABLE MR.JUSTICE T.S.SIVAGNANAM

W.P.No.20456 of 2014

P.R.Mahendran
S/o.Rengasamy

... Petitioner

vs.

The Branch Manager,
State Bank of Travancore,
Guduvancherry Branch,
Nellikuppam Road,
Guduvancherry - 603 202.

... Respondent

Writ Petition filed under Article 226 of the Constitution of India praying for the issuance of a Writ of Certiorarified Mandamus calling for the records of first respondent's letter dated 03.07.2014 and quash the same and to direct the respondent to consider the petitioner's representation dated 30.06.2014 on merits and according to law within a time frame fixed by this Court.

For Petitioner : Mr.A.Manimaran

For Respondent : Mr.S.P.Chockalingam

O R D E R

Heard Mr.A.Manimaran, learned counsel for the petitioner and Mr.S.P.Chockalingam, learned counsel for respondent Bank and perused the materials available on record.

2. Petitioner has filed this writ petition seeking to quash the order passed by the respondent bank by which the respondent bank has declined to consider the application given by the petitioner for grant of educational loan on the ground that the loan amount exceeds Rs.7.5 lakhs and unless and until collateral security is given in the form of equitable mortgage of landed properties, the application cannot be considered. Petitioner filed an application for grant of educational loan for his son stating that his son has completed graduation in Ukraine and that he is in need of educational loan to pursue M.E. [Aero Space Engineering] in France.

3. According to the petitioner, he has sold his house and paid his son's degree fees for the first three years and he requires

Rs.30,00,000/- to enable his son to pursue M.E. [Aero Space Engineering] in France. The respondent bank is now insisting upon collateral security for considering the petitioner's application. The petitioner has challenged the impugned order by contending that the insistence of collateral security is arbitrary and it is against the object behind which the Central Government has evolved the scheme for educational loan. Therefore, it is submitted that the respondent bank should consider the petitioner's application without insisting upon any collateral security.

4. Learned counsel for respondent bank submitted that the respondent has passed the impugned order based on the guidelines published by the Indian Bank Association which is pursuant to the directions issued by the Reserve Bank of India and under clause 7 of such guideline, in respect of loan above Rs.7.5 lakhs, the parents are to be the joint borrowers and tangible collateral security of suitable value acceptable to bank, along with the assignment of future income of the student for payment of instalments, is a pre-requisite. Reliance is also placed on the decision of the Honourable Division Bench of this Court in A.Kasinathan v. The Branch Manager, Canara Bank, Town Hall Road, Madurai [2012 Writ LR 640].

5. The issue involved in this writ petition is no longer res integra and settled by this Court in the decision cited supra, wherein somewhat identical contention was raised. In such case, it was contended that no collateral security could be insisted upon and such guideline should not be framed by the Indian Bank Association. The Honourable Division Bench rejected the contention raised by the appellant and submitted that it is the discretion of the Bank either to grant or not to grant educational loan to the students and the Bank has powers to frame guidelines. In such circumstances, the guidelines are binding on all applicants and a writ of mandamus cannot be issued to the respondent bank to act de hors the guidelines. Hence, the relief prayed for by the petitioner cannot be granted.

This writ petition fails and accordingly, dismissed. However, it is open to the petitioner to seek for educational loan for amount less than Rs.7.5 lakhs and if such an application is given, the respondent bank shall consider the same. No costs.

Sd/-

Assistant Registrar

Dated:13.2.15

True Copy

Sub Assistant Registrar

To

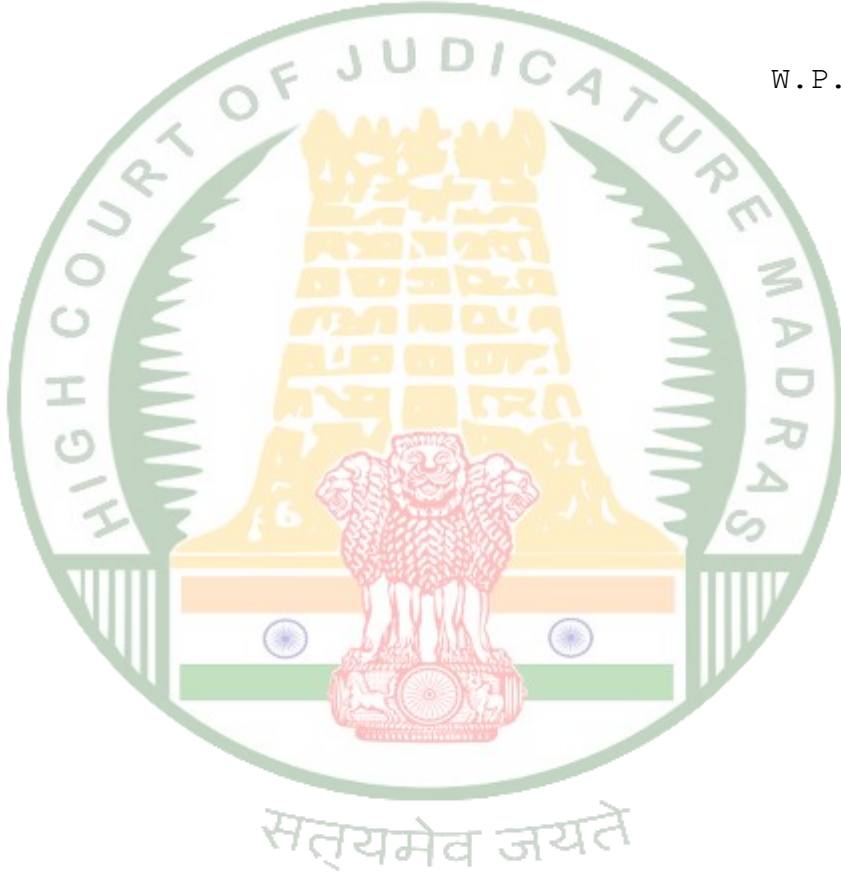
The Branch Manager,
State Bank of Travancore,
Guduvancherry Branch,
Nellikuppam Road,
Guduvancherry - 603 202.

+1 cc to Mr.S.P.Chockalinga, Advocate,SR.6297

+1 cc to Mr.A.Manimaran, Advocate,SR.6154.

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krd 20/2

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