IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 04.10.2016

CORAM:

THE HON'BLE MR.JUSTICE B.RAJENDRAN

W.P.No.13134 of 2016

D.Vignesh ... Petitioner

Versus

1.Indian Overseas Bank
Sholinghur Branch
Rep. by its Senior Manager
B-5/A1, Subbarao street
Sholinghur, Walajah Taluk
Vellore-631 102.

2.The Chief Regional Manager
Indian Overseas Bank
No.13/25, Periyasamy street
Veerasamy nagar, Sankaranpalayam
Vellore-632 001.

3.The District Collector
Vellore District, Vellore. ... Respondents

Writ Petition filed under Article 226 of the Constitution of India, praying for the issuance of Writ of Certiorarified Mandamus, to call for records pertaining to the impugned order passed by the first respondent herein in Reference No.Nil of 2015-2016 dated 12.03.2016 stated to be under permission from the second respondent herein, quash the same and direct the respondent to sanction and grant the educational loan applied for by the petitioner herein for pursuing four years (2015-2019) B.Sc. Nursing course in SRM college of Nursing under SRM University, Kattankolathur, Kancheepuram District.

For Petitioner : Mr.P.K.Rajagopal
for Mrs.K.Santhakumari

For R1 and R2 : Mr.F.B.Benjamin George
Standing counsel for IOB

ORDER

The present writ petition has been filed praying for the issuance of a Writ of Certiorarified Mandamus, to call for records pertaining to the impugned order passed by the first respondent herein in Reference No.Nil of 2015-2016 dated 12.03.2016 stated to be under permission from the second respondent herein, quash the same and direct the respondent to sanction and grant the educational loan applied by the petitioner herein for pursuing four years (2015-2019) B.Sc. Nursing course in SRM college of Nursing under SRM University, Kattankolathur, Kancheepuram District.

2. Learned counsel for the petitioner submitted that the petitioner has secured admission in B.Sc. Nursing course in SRM Institute of Science and Technology (SRM University), Kattankulathur campus. The college has given a fees schedule towards tuition fees, mess fees and other expenses totalling to Rs.1,62,580/- per year. The duration of the course is four years from 2015 - 2019. Therefore, the total amount payable to the college for the entire course is Rs.6,50,320/-. As the petitioner hails from a poor family, he is unable to pay the college fees. It is further submitted that the petitioner's father, who has a Savings Account with the first respondent bank, has already availed educational loan for petitioner's brother. Despite repeated meetings with the Bank Manager for educational loan to his 2nd son/the petitioner herein, there was no response. Therefore, the petitioner has filed an application on 30.09.2015 seeking educational loan with the District Collector, Vellore, with the necessary enclosures and particulars. Thereupon, the third respondent/District Collector, Vellore District, recommended petitioner's loan application to the first respondent bank. Thereafter, on 14.11.2015, the Senior Manager of the Bank gave him the necessary loan application form. The petitioner submitted the application form with necessary enclosures to the first respondent Bank on 17.11.2015. Even then, the Manager of the first respondent did not consider the said application of the petitioner and hence, his father made a representation dated 08.02.2016 to the respondents 1 and 2. Since nothing fructified, the petitioner's father submitted a reminder before the Office of the Banking Ombudsman situate in Reserve Bank of India, Chennai, narrating the entire events and requesting the said authority to instruct the manager of the first respondent bank to sanction and disburse the educational loan. But the petitioner received the impugned order dated 12.03.2016 stating that the loan application has been rejected on the following grounds:

> "(i) As the admission to B.Sc.Nursing course through SRM University - a deemed university, documentary evidence with regard to conduct of any common entrance test and selection through merit based process if to be submitted.
>
> (ii) The admission to the student is secured through marks in the qualifying exam only viz., Plus Two of the 10 + 2 pattern.
>
> (iii) The student/applicant has scored 59.33% of marks in Plus Two examination. To avail educational loan, the cut off mark for student other than SC/ST category is 60%."

3.The main grievance of the petitioner is that the rejection of his loan application solely on the ground that he has not secured 60% marks in the Plus Two examination is wholly unsustainable. Hence, the petitioner has come forward with this petition, challenging the impugned order passed by the 1st respondent.

4. The learned counsel for the petitioner also relies on a decision of the Division Bench Judgment of this Court reported in 2014 (4) CTC 363 (Branch Manager, Indian Overseas Bank, Tirupur v. A.Ravi and others), wherein, an identical issue was taken for consideration and that the request of the petitioner therein was accepted and was granted the educational loan.

5.Learned standing counsel appearing on behalf of the first respondent filed a counter affidavit stating that due to growing awareness about the scheme, the number of applicants of educational loan increased manifold. The Banks observed that the number of non performing assets under the educational loan scheme was also in the increase and tracking of the students after completion of the course became very difficult. Therefore, the Bank acts on guidelines issued by Indian Bank Association (IBA) in giving educational loans to the poor and deserving candidates. Hence, rejection of educational loan application of the petitioner for not securing 60% marks in qualifying examination is justifiable, valid and reasonable.

6.Heard the learned counsel on either side and perused the materials available on record.

7.The issue involved in this writ petition is squarely covered by the Division Bench Judgment of this Court reported in 2014 (4) CTC 363 (Branch Manager, Indian Overseas Bank, Tirupur v. A.Ravi and others), wherein the Division Bench of this Court considered the parameters laid down by IBA for sanction of educational loan and in para-6, it is held as follows:

> "6. The recommendations of the IBA (Indian Bank Association) with regard to Eligibility Criteria, Expenses considered for sanction of loan, Quantum of Finance and the Security to be made for sanction of education loan are as follows:

"4. ELIGIBILITY CRITERIA:

4.1 Student eligibility:

* The student should be an Indian National.
* Should have secured admission to a higher education course in recognized institutions in India or Abroad through Entrance Test/Merit Based Selection process after completion of HSC (10 plus 2 or equivalent). However, entrance test or selection purely based on

marks obtained in qualifying examination may not be the criterion for admission to some of the post graduate courses or research programmes. In such cases, banks will have to adopt appropriate criteria based on employability and reputation of the institution concerned.

Note: It would be in order for banks to consider a meritorious student (who qualifies for a seat under merit quota) eligible for loan under this scheme even if the student chooses to pursue a course under Management Quota.

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4.3 Expenses considered for loan:

i. Fee payable to college/school/hostel
ii. Examination/Library/Laboratory fee
iii. Travel expenses/passage money for studies abroad
iv. Insurance premium for student borrower, if applicable
v. Caution deposit, Building fund/refundable deposit supported by Institution bills/ receipts.
vi. Purchase of books/equipments/instruments/ uniforms
vii. Purchase of computer at reasonable cost, if required for completion of the course.
viii. Any other expense required to complete the course - liek study tours, project work, thesis, etc.
ix. While computing loan required, scholarships, fee waiver, etc., if any available to the student borrower may be taken into account.

5. QUANTUM OF FINANCE:

Need based finance to meet the expenses worked out as per para 4.3 above will be considered taking into account margins as per para 6 subject to the following ceilings:

Studies in India	..	Maximum upto Rs.10 lakhs
Studies abroad	..	Maximum upto Rs.20 lakhs

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7. SECURITY

Upto Rs.4 lakhs	-	Parents to be joint borrowers No security

Above Rs.4 lakhs - Besides the parents executing
and upto the documents as joint borrowers
Rs.7.5 lakhs collateral security in the form of
suitable third party guarantee
will be taken.The bank may, at its
discretion, in exceptional cases,
waive third party guarantee if
satisfied with the net-worth/
means of parent/s who would
be executing the documents as
joint borrower(s).

Above Rs.7.5 lakhs- Parent(s) to be joint borrower(s)
Tangible collateral security of
suitable value acceptable to
bank, along with the assignment
of future income of the student
for payment of instalments."

In the guidelines framed in the Review Meeting held on 27.9.2012, nowhere it is stated that education loan can be sanctioned only for those who have secured 60% and more marks. ”

8.Even in similar matters, this Court has also followed the above cited judgment. In my view, a student can not be deprived of the educational loan merely because he has not secured 60% marks in the Plus Two Examination and that he has taken admission in a private college. At the risk of repetition, it is to be stated that in the Review Meeting held on 27.9.2012, nowhere it is stated that education loan can be sanctioned only for those who have secured 60% and more marks.

9.In the light of the above judgment, the impugned order dated 12.03.2016 is set aside and the matter is remitted back to the 1st respondent, who is directed to process the application of the petitioner and sanction educational loan as per the eligibility of the petitioner, in accordance with law by following the above said Division Bench Judgment, within a period of two weeks from the date of receipt of a copy of this order.

10. Accordingly, the present writ petition is disposed of. No costs.

Sd/-
Assistant Registrar(CS VI)

//True Copy//

Sub Assistant Registrar

kj

To

1.The Senior Manager
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Indian Overseas Bank
No.13/25, Periyasamy street
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Vellore-632 001.

3.The District Collector
Vellore District,
Vellore.

+1cc to Mr.F.B.Benjamin George, Advocate, S.R.No.57129
+1cc to Mrs.K.Santhakumari, Advocate, S.R.No.57057

W.P.No.13134 of 2016

SM(CO)
CA(18/10/2016)