WEB COPY

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED 02.08.2016

CORAM

THE HONOURABLE MR.JUSTICE M.VENUGOPAL

W.P(MD)No.12498 of 2016

Pratheesh Durai ..Petitioner

Vs

1.The General Manager,
Indian Overseas Bank,
Regional Office,
Tirunelveli.

2.The Branch Manager,
Indian Overseas Bank,
Dohnavur Branch,
Dohnavur,
Tirunelveli District. ..Respondents.

Prayer: Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Mandamus directing the respondents to sanction and pay the educational loan to the Petitioner in B.E. Mechanical Engineering based on his Loan Application dated 21.3.2016.

For Petitioner :M/s.J.Ashok

For Respondents :Mr.N.Dilip Kumar

ORDER

Heard both sides.

2.Counter on behalf of the Second Respondent and the same is adopted by the First Respondent/The General Manager, Indian Overseas Bank, Regional Office, Tirunelveli.

3.According to the Petitioner, he is now studying in second year Bachelor of Engineering Course(Mechanical Engineering) at Dr.Sivanthi Adithanar College of Engineering, Tiruchendur. Earlier, he secured 1057 marks in Higher Secondary Examination and applied for B.E. Course through Anna University. After counselling, he was given admission in B.E. Course under self-financing at Dr.Sivanthi Adithanar College of Engineering, Tiruchendur. His father is an agriculturist and he is not in a

https://hcservices.ecourts.gov.in/hcservices/

WEB COPY

position to provide necessary funds for his educational expenses.

4.The stand of the Petitioner is that during the month of August 2015, he approached the Second Respondent/Bank for procuring Term Loan for educational expenses at Rs.3,94,600/-. In fact, the Second Respondent was pleased to direct him to secure a Pan Card and to open an account in the bank. As a matter of fact, he was minor at the relevant point of time and waited till November 2015 and thereafter secured the required documents.

5.The clear-cut plea taken on behalf of the Petitioner is that as per the direction of the Second Respondent/The Branch Manager, Indian Overseas Bank, Dohnavur Branch, Dohnavur, Tirunelveli District, he applied for Term Loan for educational expenses along with his father as co-applicant in the month of march 2016 by furnishing necessary documents. Earlier, the College had demanded the payment of the first year fees and fixed a time limit. His father procured Hand Loan and paid the first year fees. However, the loan application was returned by the Bank for the reasons best known to them and he was further advised to apply afresh along with his mother as co-applicant.

6.In the month of April 2016, the Petitioner had completed for Term Loan in respect of educational expenses together with his mother Shanthi, as co-applicant. Till today, he was pushed from pillar to post in regard to the sanctioning of educational loan. Now the College Authorities had issued letters demanding fees for the second year. His father is not in a position to help him for admission to his fees. Earlier, his sister namely Diviya Subha and his brother Divahar were provided with educational loan for educational expenses and they have successfully completed their respective course.

7.He made representation, dated 27.6.2016 addressed to the Second Respondent in view of the delay caused in sanctioning the Term Loan. He is not a position to continue the second year course and he is undergoing great mental agony. Therefore, once again he requested the Second Respondent/Bank to sanction the Term Loan of Rs.3,94,600/- for prosecuting B.E Course (Mechanical Engineering), Tiruchendur at Dr.Sivanthi Adithanar College of Engineering, Tiruchendur.

8.Although the Government of India has formed scheme for educational loan for the poor and needy people to pursue their higher studies, the Respondents have not followed the policy of the Government and wilfully neglecting him from getting educational loan for his studies. Hence the Petitioner has filed the present Writ Petition praying for passing of an order to sanction and pay the educational loan to him in B.E. Mechanical Engineering based on his Loan Application, dated 21.3.2016.

https://hcservices.ecourts.gov.in/hcservices/

9.In response, the Learned Counsel for the Respondents /Bank contends that prior to the present application made by the Petitioner seeking educational loan to an extent of Rs.3,94,600/-, the Petitioner's grand-father Mr.Chelladurai had availed an agricultural loan of Rs.1 lakh way back on 15.10.2004 and he has not repaid the loan installments and the present outstanding loan amount is Rs.2,83,473/- Later, the Petitioner's father Muthukrishnan availed another agricultural loan of Rs.50,000/- on 23.11.2009 and the present balance is Rs.64,193/-. In fact the Petitioner's sister M.Divyasubha along with the Petitioner's father Muthukrishnan as co-applicant availed educational loan of Rs.2,06,393/- for her B.E. Course on 16.7.2011 and the present balance amount is Rs.3,06,121/-

10.The Learned Counsel for the Respondents/Bank brings it to the notice of this Court that the Petitioner's brother Divahar along with his father Muthukrishnan as co-applicant availed another educational loan of Rs.2,28,828/- on 4.1.2013 for B.E. Course and the present balance in the said account is Rs.2,43,165/- and yet another educational loan of Rs.130,480/- for M.Divya Subha again for her M.E Course was availed along with the Petitioner's father Muthukrishnan as co-applicant on 15.6.2015 and the present outstanding in the said loan amount is Rs.1,39,979/-

11.At this juncture, the Learned Counsel for the Respondents/Bank takes a stand that the Petitioner's family already availed five loans from the Respondents/Bank and the total liability in respect of all loans amounts to Rs.10,36,931/- (including the agricultural loans).

12.Further, it is represented on behalf of the Respondents/Bank that the agricultural loans alone in the name of Chelladurai become a Non-Performing Assets during the year 2010 and the loan standing in the name of Muthukrishnan became Non-Performing Assets recently. Continuing further, when the loan accounts in the name of Muthukrishnan and his father Chelladurai became Non-Performing Assets, the Branch Officials had made all endeavours to recover the dues to it ended in vein as Muthukrishnan, had not co-operated with the Respondents/Bank.

13.The Learned Counsel for the Respondents/Bank proceeds to state that the Petitioner's father loan become an Non-Performing Asset and his name actually was reflected as a defaulter in the Credit Information Bureau of India Limited(CIBIL) Report and the Bank is not in a position to extend any further loans either to the Petitioner or to any of his family members along with him as co-applicant. Furthermore, to avail educational loan to the sons and daughter s of a person as per the policy of the Bank, the Father has to necessarily join as a co-applicant for the loan and it is the obligation on the part of the co-applicant to repay the loan right from the due date of commencement of repayment. In

https://hcservices.ecourts.gov.in/hcservices/

case, the student is not in a position to get employment or generate income on his own and unable to repay the loan installments. In order to subvert the requirement of the Bank that the Petitioner's father has to stand as co applicant for educational loan and the Petitioner's father is being already a defaulter and also has an adverse entry in the CIBIL report, the Petitioner made an application for the loan along with his mother as co-applicant.

14.The Learned Counsel for the Petitioner takes a clear cut stand that it is the expression of the Bank that the family members of the Petitioner availed loans from the Bank very liberally and they are not prompt in repayment years together with the result that their accounts Bank closed as NBA one by one. In fact, the Second Respondent/Branch has so far sanctioned 128 educational loans to the tune of Rs.1.79 crores out of which, 31 loan accounts covering a sum of Rs.36 lakhs is NPA and the incidence of NPA has been increasing year after year in educational loan segment causing concern.

15.This Court has heard the Learned Counsel for the Petitioner and the Learned Counsel for the Respondents/Bank and noticed their contentions.

16.It is to be noted that the Petitioner in-spite of his request to sanction educational loan through letter, dated 27.6.2016, the Second Respondent/Bank on 1.7.2016 had informed him as undergoing

> *''We refer your letter regarding the captioned subject. We enclose herewith the details of loans sanctioned to your family. As per our Regional Office's instructions the first two loans in the enclosed list which had been sanctioned by our bank/branch to your father Mr.Muthukrishnan and to Mr.Chelladurai, father of Mr.Muthukrishnan has to be regularized to proceed further in your educational loan application.''*

17.In this connection, this Court aptly points out that Indian Banks Association Guidelines on Model Educational Loan Scheme For Pursuing Higher Education in India and Abroad, 2015, wherein at S.No.2,3,4 and 5, it is observed as follows:

2./- <u>OBJECTIVES OF THE SCHEME</u>

.

The Educational Loan Scheme outlined below aims at providing financial support from the banking system to meritorious students for pursuing higher education in India and abroad: The main emphasis is that a meritorious student, though poor, is provided with an opportunity to pursue education with the financial support from the banking system with affordable terms and conditions.

https://hcservices.ecourts.gov.in/hcservices/

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.**

4. <u>ELIGIBILITY CRITERIA</u>

4.1 <u>Students Eligibility</u>

•/ 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.

4.2 Design elements for classification of education loans

It is proposed to classify the education loan portfolio into three categories viz.

- **Loans to students admitted to top rated institutions**
- **Loans to students admitted to other domestic institutions**
- **Loans to students seeking studies abroad.**

It is expected that depending upon risk perception, reputation of the institution and employability of the students banks will be able to fine tune their terms and conditions of sanction suitably to these categories.

https://hcservices.ecourts.gov.in/hcservices/

WEB COPY

The guidance note attached to the scheme gives elaboration of design elements for classifying educational loans

5. COURSES ELIGIBLE

5.1. Studies in India: (Indicative list)

. Approved courses leading to graduate/ post graduate degree and P G diplomas conducted by recognized colleges/ universities recognized by UGC/ Government/ AICTE/ AIBMS/ ICMR etc.

Courses like ICWA, CA, CFA etc.

Courses conducted by IlMs, IlTs, IISC, XLRI. NIFT,NID etc.

Regular Degree/Diploma courses like Aeronautical, pilot training, shipping, degree/diploma in nursing or any other discipline approved by Director General of Civil Aviation/Shipping/Indian Nursing Council or any other regulatory body as the case may be, if the course is pursued in India.

Approved courses offered in India by reputed foreign universities.

Note:

I. The above list is indicative in nature. Banks may approve other job oriented courses leading to technical/ professional degrees, post graduate degrees/diplomas offered by recognized institutions under this scheme.

2. Courses other than the above offered by reputed institutions may also be considered on the basis of employability.

Reference : www.ugc.acin www.educanon.nic.in www.aicte.orgin

5.2 Studies Abroad

Graduation : For job oriented professional/ technical courses offered by reputed universities.

Post-graduation: MCA, MBA, MS, etc.

Courses conducted by CIMA- London, CPA in USA etc.

https://hcservices.ecourts.gov.in/hcservices/

•Degree/diploma courses like aeronautical, pilot

WEB COPY

training, shipping etc provided these are recognized by competent regulatory bodies in India India /abroad for the purpose of employment in India/abroad.

•

Reference: *www.webonsetrics.info* (indicative only)

5.3.**Expenses considered for loan**r

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 vi.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 - like 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.
x.If the scholarship component is included in the loan assessment, it may be ensured that the scholarship amount gets credited to the loan account when received from the Government.

Notes:

++ For courses under Management quota seats considered under the scheme, fees as approved by the State Government/Government approved regulatory body for payment seats will be taken, subject to viability of repayment.

* Reasonable lodging and boarding charges will be considered in case the student chooses/is required to opt for outside accommodation.

** These expenses could be considered subject to the condition that the amount does not exceed 10% of the total tuition fees for the entire course.

https://hcservices.ecourts.gov.in/hcservices/

WEB COPY

*** It is likely that expenditure under Item Nos. vi, vii & viii above may not be available in the schedule of fees and charges prescribed by the college authorities. Therefore, a realistic assessment may be made of the requirement under these heads. However, the maximum expenses included under vi, vii & viii may be capped at 20% of the total tuition fees payable for completion of the course.

18.Apart from the above, the aforesaid guidelines at S.Nos.7 and 8 under the caption Margin and Security, reads as under:

7. MARGIN

-Upto 4 lakhs	Nil
Above 4 lakhs	Studies in India 5%
	Studies Abroad 15%

However, upto 7.5 lakhs, margin will be if loan is eligible for the Credit Guarante.

Scholarship/ assistantship to be included in margin.

Margin may be brought-in on year-to-year basis as and when disbursements are made on a pro-rata basis.

8.

Upto 4	No security
Above 4 lakhs and up to fl.5 lakhs	Besides the parent(s) executing the documents as joint borrower (s), collateral security in the form of suitable Third party guarantee will be taken. The bank may, at its discretion, in
	However, third party guarantee will be waived if the loan is eligible for Credit Guarantee coverage.
Above 7.5 lakhs	Parent(s) to be joint borrower(s) Tangible collateral security of suitable value acceptable to bank,along with the assigment of future income of the student for payment of instalments.

https://hcservices.ecourts.gov.in/hcservices/

Note:

*The Loan documents should be executed by the student and the parent/guardian as joint borrower.

*The security can be in the form of land/building/Government securities/Public Sector Bonds/Units of UTI, NSC, KVP, life policy, gold and shares/mutual fund units/debentures/ bank deposit in the name of student/parent/guardian/any other third party or any other tangible security acceptable to the bank with suitable margin.

*Wherever the land/building is already mortgaged, the unencumbered portion can be taken as security on second charge basis provided it covers the required loan amount.

19.In the afore-said guidelines of Indian Banks Association 2015, at S.No.9 Rate of Interest, speaks as under:

9.RATE OF INTEREST

Interest to be charged at rates linked to the Base rate as decided by individual banks.
Banks may charge differential interest rates for collateralized and non-collateralized loans.

*Simple interest to be charged during the study period and up to commencement of repayment. Simple interest may be charged even during any subsequent moratorium considered.

N o t e : -

Servicing of interest during study period and the moratorium period till commencement of repayment is optional for students. Accrued interest will be added to the principal amount borrowed while fixing EMI for repayment.

20.Also in S.No.11 of the guidelines under the heading of Repayment, enjoins as follows:

11. REPAYMENT

Repayment Holiday / Moratorium Course period + 1 year. Banks may also provision for moratorium taking into account spells of under-employment/unemployment, say two or three times (maximum of 6 months at a time) during the life cycle of the loan. Banks may also encourage student borrowers who wants to set up start-up units by giving moratorium on repayment of principal and interest during incubation period which may be considered unto 2 years.

WEB COPY

https://hcservices.ecourts.gov.in/hcservices/

If the student is not able to complete the course within the scheduled time, extension of time for completion of course may be permitted for a maximum period of 2 years. If the student is not able to complete the course for reasons beyond his control, sanctioning authority may at his discretion consider such extensions as may be deemed necessary to complete the course. In case the student discontinues the course midway, appropriate repayment schedule will be worked out by the bank in consultation with the student/parent

The accrued interest during the repayment holiday period to be added to the principal and repayment in Equated Monthly Installments (EMI) fixed.

WEB COPY

WEB COPY

1% interest concession may be provided by the bank, if interest is servicedduring the study period and subsequent moratorium period prior to commencement of repayment.

Repayment of the loan will be in equated monthly instalments for a period of 15 years for all categories.

While EMI based repayment is the generally accepted practice, many times the salary levels at the start of the career may not facilitate comfortable payment of EMI in certain cases (e.g. professionals like Doctors). Telescoping of repayment with stepped up installments with passage of time may be considered in such cases.

20.At this stage, this Court aptly points out that whether a contract is one of guarantee, a surety need not be called upon to pay unless the Principal Debtor has committed a default. Also that, a surety is one who in consideration of some act or promises on the part of the creditor, promises to perform the promise or to discharge the liability of a third party, in case of his default. In short, his liability is collateral. The person who gives the guarantee on behalf of another, is liable as per Law. After all, guarantee is an undertaking to indemnify, if some other does not fulfil his promise. Suffice it for this Court to point out that a ''contract of guarantee is not one *uberrimae fidei,*but a contract of *strictissima juris'',as* per decision in Radha Kanta Pal .vs. United Bank of India Limited reported in AIR 1955 Cal. 217.

21.In fact Article 46 of the Constitution of India reads as under:

''The State shall promote with special care the educational and economic interests of the weaker sections of the people, and, in particular, of the Scheduled Cases and Scheduled Tribes, and shall protect them from social injustice and all forms of exploitation.''

22.Also Article 41 of the Constitution of India speaks of Right to Work, to education and to public assistance in certain cases.- The State shall within the limits of its economic capacity and development, make effective provision for securing the right

https://hcservices.ecourts.gov.in/hcservices/

to work, to education.

23.There is no gain-saying to the well-established fact that 'Education is a National Wealth'. In fact, the centre of attraction is on the development of education, cordial repayment of loan is expected to come from future earnings of the student after completion of education. As such, the assessment of the loan will be based on employability and earning potential of the student upon the completion of the course and not on parental income or family wealth. (vide introduction of Model Educational Loan Scheme for pursing Higher Education in India and Abroad, 2015).

24,. Be that as it may, it is true that the Petitioner's sister had availed educational loan of Rs.2,06,393/- for her B.E Course on 16.7.2011 and the present outstanding amount is around Rs.3,06,121/- .Even the Petitioner's brother Divahar availed another educational loan of Rs.2,28,828/- on 4.1.2013 for B.E Course(his father Muthukrishnan being stand as a co-applicant) and another educational loan of Rs.1,30,480/- was sanctioned to the Petitioner's sister M.DivyaSubha for her ME Course(the Petitioner's father Muthukrishnan standing as a co-applicant) on 15.6.2015 and the present outstanding amount is Rs.1,39,979/-. Even though, it is reported on behalf of the Respondents/Bank that the Petitioner's family had availed five loans from the Respondents/Bank(including the Petitioner's grand father Chelladurai availing an agricultural loan of Rs.1 lakh on 15.10.2004 and not repaid the amounts and also the Petitioner's father Muthukrishnan availing another educational loan of Rs.50,000/- on 3.11.2009) they are not germane in the purpose of considering the educational loan application of the Petitioner, dated 21.3.2016 for her B.E. Engineering Course. In fact, the Petitioner's mother Shanthi as co-applicant had reportedly applied to the Respondents/Bank in the month of April 2016 for securing educational loan. But the Bank through the communication, dated 1.7.2016 addressed to the Petitioner, had among other things, mentioned that the loan sanctioned by the Bank/Branch to his father Muthukrishnan and to his grand father Chelladurai, father of Muthukrishnan has to be regularised to proceed further in your educational loan application.

25.At this stage, it is worth recalls and recollects the ***order passed on 27.11.2014 in W.P(MD)No. 17060 of 2014 between S.Veerakarthikeyan .vs. The Branch Manager, State Bank of India, Theni Branch,S.Tharaikudi via, Sayalkudi, Ramanathapuram District and another***, wherein at para 11, the said aspect was mentioned of in lucid terms.

https://hcservices.ecourts.gov.in/hcservices/

11.According to the First Respondent/Bank, as per Circular, the Student Eligibility is as under:

STUDENT ELIGIBILITY *is Should be an Indian NationalSecured admission to Professional/Technical courses through Entrance Test/selection process #* Secured admission to foreign university/Institutions.#*No minimum qualifying marks stipulated in the last qualifying examination.*Education Loans may also be considered for students getting admissions to Colleges/Institutions on Management Quota *Loan proposals from students who have failed in the last qualifying examination including class XII and subsequently cleared, discontinued studies and resumed again may be considered after satisfying the reasons for the same.*

**The sanctioning authority may consider loan proposals from students in cases where the parent/guardian is defaulter after satisfying about the background of the student and if the margins and security norms etc are met by the student and de-lined from such defaulter/co-borrower and replaced by another co-borrower.*

**Presently, our scheme does not prescribe any age limit for the students availing the loan. Wherever parents/guardians are not there the branches may consider grant parent as co-borrower to the loan taking into account their net worth.*

**Note:(1)In certain cases, the student/parents are required to deposit a part of the admission fee etc. on the day they go for counseling. It becomes difficult for them to raise funds in the absence of a firm admission letter. In such cases, the sanctioning authority will be authorized to sanction and release the loan in the name of the institution, provided*

a)the admission is sought in cases where the results of the entrance test e.g., All India Engineering Entrance Examination (AIEEE), has been announced and

b)the student has secured a good position in the merit list and will be in a position to secure admission in a reputed institution after counselling/finalization of the admissions.

*The payment will be released in the name of the institution only.*Note(II) Several foreign universities require students to deposit a part of the fee before the admission is formally granted. They enforce such a condition as students simultaneously apply to a number of universities and then choose the best option on the basis of their preference and availability of scholarship from the institution. In such cases, the sanctioning authority, not below the rank of an Assistant General Manager, will be authorized to sanction and release the loan in the name of the educational institution provided:*

a)Admission is sought to a reputed Business School/reputed educational institution or

b)Tangible collateral security equal to full value of the loan has been provided.''

THE SECURITCY FOR THE GRANT OF LOAN; *Security -For loans upto Rs.10 lacs for studies in India and upto Rs.20 lacs for studies abroad.*

https://hcservices.ecourts.gov.in/hcservices/

a) upto Rs.4 lacs
**Co-obligation of parents*
**No security*
b)Above Rs.4 lacs and upto Rs.7,50 lacs.
**Co-obligation of parents together with collateral security in the form of suitable third party guarantee. 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''.*
c)Above Rs.7.5 lacs
**Co-obligation of parents together with tangible collateral security of suitable value, along with the assignment of future income of the student for payment of installments.*
**The documents should be executed by both the student and the parent/guardian as joint -borrower. We clarify that if the student is a minor, the documents will be signed by the guardian acting 'for self' as well as 'for and on behalf of the minor'.*
**The Law Department opined that for the purpose of Education Loan the guardian is defined as under:*
**''Natural guardian, the legal guardian I.e., a guardian appointed by any authority, or a person in charge of the care of the person and property of the student who intends to avail such loan facility...*The Co-obligator should be parent(s)/guardian of the student borrower. In case of married person, co-obligator can be spouse or the parent(s)/parents-in-law''.*

26.Considering the fact that the Petitioner's loan application, dated 21.3.2016 is a separate and distinct one from that of his sister and his brother Divahar, this Court is of the considered view that the Respondents/Bank has to consider the petitioner's educational loan application in B.E(Mechanical Engineering) based on his application, dated 21.3.2016 in a practical, pragmatic, purposeful, meaningful and in a diligent fashion(of course as per Rules and Regulations , RBI Guidelines and Instructions of the Central Bank of India/Reserve Bank of India governing from time to time. Viewed in that perspective, this Court without dwelling deep into the merits and contents of the loan application of the Petitioner, dated 21.3.2016, directs the Second Respondent/The Branch Manager, Indian Overseas Bank, Dohnavur, Tirunelveli District to look into the educational loan application of the Petitioner, dated 21.3.2016 within two weeks from the date of receipt of a copy of this order. Thereafter the Second Respondent is to pass a reasoned speaking order on merits on the educational loan application of the Petitioner and in case, the Respondents/Bank is in requireme3nt, the co-applicant, then it may take the Petitioner's mother as co-applicant as it deems it fit and proper based on the facts and circumstances of the present case.

https://hcservices.ecourts.gov.in/hcservices/

27.Before parting with the case, this Court makes a relevant mention that after all, the Petitioner is only seeking from the

Second Respondent/Bank to sanction the Term Loan to an extent of Rs.3,94,600/- which is well within the purview of Rs.4 lakhs (being the margin) for which no security is very much required as per IBA Guidelines on Model Educational Loan Scheme For Pursuing Higher Education in India and Abroad, 2015). If the Respondents/Bank are not sanctioning the educational loan of Rs.3,94,600/- which is less than the margin sum of Rs.4 lakhs as per the Indian Banks Guidelines, then certainly it will infringe upon Article 14 of the Constitution of India, in the considered opinion of this Court. After securing the loan of Rs.3,94,600/- from the Second Respondent/Bank, it is needless for this Court to pertinently point out that the Petitioner has to pay the aforesaid loan amount in monthly installments or as per the loan schedule of the Second Respondent Bank and in this regard, the Petitioner has to bear in mind one primordial fact that the Second Respondent Bank is lending the said money of Rs.3,94,600/- towards the Petitioner's Educational Loan from and out of the money deposited by the Depositors and members of the public and others. Therefore keeping in mind of the aforesaid fact, it is incumbent on the part of the Petitioner and co-applicant to fulfil the terms and conditions of the prospective loan of the Petitioner amounting to Rs,.3,94,600/- to be availed of from the Second Respondent/Bank in a pragmatic fashion. In fact, every endeavour should be made by the Petitioner and the co-applicant/co- obligant to clear the same within the time schedule prescribed by the Bank by adhering to the same in a scrupulous manner, of course in true letter and spirit (and that too, without any deviation whatsoever).

28.With the aforesaid observation(s) and direction(s), the Writ Petition stands disposed of. No costs.

Sd/-
Assistant Registrar(AS)

/TRUE COPY/

Sub Assistant Registrar

vsn

To

1.The General Manager,
Indian Overseas Bank,
Regional Office, Tirunelveli.

2.The Branch Manager,
Indian Overseas Bank,
Dohnavur Branch, Dohnavur,
Tirunelveli District.

https://hcservices.ecourts.gov.in/hcservices/

+1cc to MR.N.Dilip Kumar,Advocate in SR.No. 41635

+1cc to MR.J.ASHOK, Advocate in SR.No.41464

vsn

WEB COPY

JAM/08.08.16/AAL-MPA/SAR I/16P-5C

W.P(MD)No.12498 of 2016
02.08.2016