

THE HON'BLE SRI JUSTICE A.RAMALINGESWARA RAO

WRIT PETITION No.4619 of 2017

ORDER:

Heard learned counsel for the petitioner and learned Government Pleader for respondents 3 to 5. None appeared for respondents 6 to 8, in spite of service of notice.

2. The petitioner is a Farmers' Service Co-operative Society registered on 16.07.1980. The main object of the society is to help the farmers, particularly small, marginal farmers and agricultural labourers by providing them integrated credit and other services. The petitioner society has been borrowing the amounts from the financial bank and granting loans to its members with a margin of 2% interest i.e., the financing bank lending the amounts to the society by charging interest @7% and the society in turn is charging interest @ 9% from the borrowers. Accordingly, the society has lent an amount of Rs.3,21,82,500/- during the financial year 2015-2016. But when the 7th respondent issued a communication on 17.03.2016 informing that the sanctioned limit for the year 2015-2016 was Rs.5,84,00,000/- with the base rate of interest at 9.70%, the same is challenged now.

3. The petitioner submitted a representation to various authorities including respondents 3 to 8. In pursuance of the said representation, with regard to the grievance of charging higher rate of interest, the 5th respondent submitted a report to the 4th respondent on 22.11.2016 stating that the grievance of the petitioner was genuine and the 4th respondent was requested to place the matter before the Government of Andhra Pradesh for

taking a decision in order to safeguard the affairs of the society and for the benefits of the members of the society. Thus, the report of the 5th respondent also supports the grievance of the petitioner. But the respondents 6 to 8 did not respond and no orders have been passed on the representation of the petitioner, dated 23.09.2016. The charging of interest @ 9.70% by the financing bank would adversely affect the survival of the petitioner society when the petitioner society did its business on the assumption of charging of interest @7% by the financing bank by lending the said amount to the borrowers @9%. Since this is a financial matter having serious consequence on the petitioner, respondents 6 to 8 should have taken a decision.

4. The Writ Petition is disposed of by directing respondents 6 and 7 to consider the representation of the petitioner, dated 23.09.2016 and pass appropriate orders clarifying the position by keeping in view the circulars issued by respondents 1 and 2 from time to time, within a period of six (06) weeks from the date of receipt of a copy of this order.

Miscellaneous petitions, if any, pending in this writ petition shall stand closed. There shall be no order as to costs.

A. RAMALINGESWARA RAO, J

MARCH 09, 2017
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Date: 09.03.2017

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