BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT
DATED : 17.07.2018
CORAM

THE HONOURABLE MR.JUSTICE M.S.RAMESH

W.P.(MD) No.12215 of 2018

S.Bose ... Petitioner

Vs.

1.The Administrative Officer,
Pandyan Grama Bank,
Virudhunagar District,
Virudhunagar.

2.The Branch Manager,
Pandyan Grama Bank,
Chatrapati Branch,
Virudhunagar District.

3.The Branch Manager,
Union Bank of India,
Gopalapuram Branch,
Vembakottai Taluk,
Virudhunagar District. ... Respondents

(R3 is suo motu impleaded vide Court order dated 05.07.2018 in W.P.(MD) No.12215 of 2018)

PRAYER : Writ petition filed under Article 226 of the Constitution of India to issue a writ of Certiorarified Mandamus, to call for the records of the second respondent in his proceedings No.Nil (Condition No.1) dated 06.04.2018 and quash the same as illegal, arbitrary, violation of law and further direct the respondents to take necessary steps to sanction an educational loan a sum of Rs.4,00,000/- without insisting the production of statement of accounts within the stipulated period.

For Petitioner : Mr.M.Jothibasu
For R2 and R3 : Mr.N.Dilipkumar

O R D E R

The one of the conditions, for which, the petitioner's request for grant of educational loan, was rejected by the second respondent bank, is that the petitioner's residence, does not fall within the service area of the second respondent bank. The second respondent had also taken a stand that they are Regional Rural Banks and as such, they do not issue educational loan under the Regulations of Indian Bankers Association.

2.The learned counsel appearing for the third respondent submitted that the petitioner's daughter is not entitled for an educational loan, since the petitioner's address does not fall within the service area of their bank.

3.It is noted that the Reserve Bank of India by Circular in RBI/2012-13/291, dated 09.11.2018, had intimated that all the Scheduled Commercial Banks should not reject any educational loan application for the reason that the residence of the borrower does not fall within the bank's service area. Admittedly, this Circular has not been modified or cancelled till date. As such, it may not be appropriate for the Scheduled Commercial Banks to reject or refuse the request for an educational loan, on the ground that the residence of the borrower, does not fall within the service area of the respective Bank.

4.The learned counsel for the petitioner also submitted that the petitioner is maintaining a savings bank account under the third respondent/Union Bank of India.

5.This Court in various orders has observed that the students/applicants will be entitled for educational loan, subject to the terms and conditions of the scheme and as such, the financial institutions may not be justified in rejecting such applications, on the grounds, which are out side the scope and object of the scheme.

6.In view of the Circular of the Reserve Bank of India that the Scheduled Commercial Banks shall entertain the application received from the residents, who are residing outside the service area also, it would be appropriate that the third respondent herein, namely, Union Bank of India, Gopalapuram Branch, shall consider the petitioner's application seeking educational loan and pass orders expeditiously, without citing the service area.

7.In the light of the above, the petitioner herein is granted liberty to make a fresh application along with relevant enclosures, seeking for educational loan for his daughter, namely, Thangamari, to the third respondent bank and on receipt of the application, the third respondent bank shall consider the same favorably and disburse the loan amount, within a period of four weeks from the date of receipt of the application.

8.With the above direction, this writ petition is allowed. No costs.

Sd/-
Assistant Registrar (CO)

/True Copy/

Sub Assistant Registrar(CS-II)

To:

The Branch Manager,
Union Bank of India,
Gopalapuram Branch,
Vembakottai Taluk,
Virudhunagar District.

+1CC to Mr.N.Dilipkumar Advocate in SR.No.73658.

+1CC to M/s. G.M.Law Office in SR.No.73355.

CP
DS/SV/SAR-2 :25.07.2018: 3P/4C

W.P.(MD) No.12215 of 2018
17.07.2018