BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 03.07.2018

CORAM:

THE HONOURABLE MR.JUSTICE S.S.SUNDAR

W.P(MD).No.9741 of 2018

K.Kannaiah ... Petitioner

Vs.

1. The Assistant Director,
Tamilnadu Khadi and Village Industries Board,
No.10, Bypass Road,
Madurai-10.

2. The Regional Manager,
Union Bank of India, BB Kulam, Madurai.

3. The Branch Manager,
Union Bank of India,
No.6/10, Eswarankoil Street,
Emaneshwaram Post, Paramakudi,
Ramanadapuram District. . ... Respondents

PRAYER : Petition filed under Article 226 of the Constitution of India, praying for issuance of a Writ of Mandamus to direct the third respondent to sanction a sum of Rs.6,03,000/- as loan to the petitioner under the PMEGP Scheme based on the proceeding of the first respondent in Re.No.1583 NOL/2016 dated 20.10.2016 within a stipulated time.

For Petitioner : Mr.I.Robert Chandrakumar
For R-1 ` : Mr.J.Gunaseelan Muthiah
Additional Government Pleader
For R2 & R3 : Mr.C.Jawahar Ravindran

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ORDER

This Writ Petition is for a issuance of Writ of Mandamus directing the third respondent to sanction a sum of Rs.6,03,000/- (Rupees Six Lakhs and Three Thousand only) as loan to the petitioner under the PMEGP Scheme based on the proceedings of the first respondent, dated 20.10.2016.

2.The learned counsel appearing for the petitioner states that the petitioner is working as Mason, after completing SSLC. The petitioner applied to the first respondent, namely, the Assistant Director of Tamilnadu Khadi and Village Industries Board, Madurai, for registering himself under the Prime Minister's Employment Generation Programme. The petitioner's application before the first respondent, dated 08.09.2016, was approved by the District Level Task Force Committee headed by the District Collector, Ramanathapuram. It is also submitted that the petitioner is eligible to get the loan from Nationalized Bank under the Prime Minister's Employment Generation Programme. Thereafter, the first respondent requested the third respondent to process the petitioner's application for loan by his proceedings dated 20.10.2016. It is further stated that by communication, dated 02.02.2017, the third respondent informed the first respondent that the third respondent Bank has provisionally sanctioned petitioner's loan proposal and requested that the petitioner be provided Entrepreneurship Development Programme Training, as this is also an essential requirement for sanctioning of the loan. Thereafter, the petitioner was sent for EDP training to Madurai through the third respondent and participated in the training from 20.02.2017 to 02.03.2017. Thereafter, the third respondent asked the petitioner to settle the arrears of Educational loan, which was availed by the petitioner for his son, by name, Ambeth, from the third respondent Bank and informed further that the third respondent could release the loan amount, only after settlement of the Educational loan. It is further stated by the petitioner that on 15.06.2017, he paid a sum of Rs.50,000/- towards discharge of the Educational loan through a special scheme at a Lok Adalat and closed the loan amount. Even then, the petitioner's application was not considered by the third respondent and the loan was not yet sanctioned to him.

3.It is further stated that the petitioner has spent more than Rs.50,000/- towards processing and associated procedures. Though the third respondent has sanctioned similar loan to several persons under the PMEGP Scheme, the petitioner's application is not considered.

4.The learned counsel for the third respondent has no serious dispute with regard to the eligibility of petitioner for availing loan under PMEGP Scheme and the norms. However, having regard to the fact that the petitioner was a defaulter in respect of the Educational loan availed by him for his son's education and the loan was settled only before Lok Adalat, it is stated that the Bank has some hesitation.

5.The third respondent Bank stated that the application filed by the petitioner cannot be considered, without sufficient guarantee. In this regard, the learned counsel for the third respondent bank submitted that the respondent Bank is willing to consider the petitioner's application for loan, in case the petitioner's son offer personal guarantee for the loan, since the petitioner's son is employed and earning. The Bank has specifically insisted a personal guarantee from the petitioner's son.

6.In reply, the learned counsel appearing for the petitioner after consulting the petitioner, reported that the petitioner's son has agreed to offer personal guarantee for the loan. But when the petitioner and his son approached the Bank, the third respondent Bank has refused to grant loan by insisting other formalities and documents to be submitted by the petitioner. Even though the petitioner has submitted all the documents, it is stated that the third respondent denied the loan. However, the learned counsel appearing for Bank submitted that there are formalities to be observed and the loan amount cannot be just given on the talk as it was requested by the petitioner.

7.In the abovesaid circumstances, this Court is inclined to pass the following directions:-

(i) the third respondent is directed to consider the petitioner's loan application under PMEGP Scheme and sanction the loan amount of Rs.6,03,000/- (Rupees Six Lakhs and Three Thousand only) upon the petitioner submitting the necessary documents in compliance with the Banking norms and the personal guarantee of the petitioner's son, within a period of three weeks from the date of receipt of a copy of this order.

(ii) The petitioner is not required to create any equitable mortgage in respect of any of his property or offer any other property as security for the loan and the Bank need not insist the petitioner to offer any other security for the purpose of sanctioning the amount, if it is not required under PMEGP Scheme.

8.With the above directions, this writ petition is disposed of. No costs.

Sd/-
Assistant Registrar(AS)

/True Copy/

Sub Assistant Registrar

To

1. The Assistant Director,
   Tamilnadu Khadi and Village Industries Board,
   No.10, Bypass Road,
   Madurai-10.

2. The Regional Manager,
   Union Bank of India, BB Kulam, Madurai.

3. The Branch Manager,
   Union Bank of India,
   No.6/10, Eswarankoil Street,
   Emaneshwaram Post, Paramakudi,
   Ramanadapuram District.

+ 1 cc TO Mr.I.Robert Chandrakumar , Advocate in SR No. 71125
+ 1 cc TO Mr.C.Jawahar Ravindran , Advocate in SR No. 71100
+ 1 cc TO The Special Government Pleader in SR No. 71355

rmk
AE/SKN RSK/SAR2/16.07.2018/4P/7C

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