BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT
DATED: 07.06.2018
CORAM:
THE HONOURABLE MR.JUSTICE M.S.RAMESH
W.P.(MD)No.11221 of 2018

S.Pavithkumar ... Petitioner

-Vs-

1. The District Collector,
   Thoothukudi District,
   Thoothukudi.

2. The Manager,
   Axis Bank, Near V.V.D.Signal,
   Palayamkottai Road, Thoothukudi. ... Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India for issuance of Writ of Mandamus, directing the second respondent Bank to disburse the further educational loan in the petitioner's Loan A/c Loan No.915060010414434 to the course of B.E., Bio-Medical Engineering for the academic year 2016-2017 and 2017-2018 at S.M.K. Fomra Institute of Technology, Kelampakkam, Chennai.

For Petitioner : Mr.J.David Ganesan
For R1 : Mr.J.Gunaseelan Muthiah,
Additional Government Pleader.
For R2 : Mr.M.Senthil Kumar

ORDER

The petitioner herein was sanctioned with the educational loan on 23.01.2015 to the course of B.E., Bio-Medical Engineering at S.M.K. Fomra Institute of Technology, Kelampakkam, Chennai for a sum of Rs.3,99,000/- (Rupees Three Lakhs Ninety Nine Thousand Only). Pursuant to the sanction of the educational loan, the petitioner was disbursed with the educational loan for the year 2014-15 and 2015-16. When the petitioner had approached the respondent Bank, seeking for disbursment of further additional educational loan for the academic year 2016-17 and 2017-18, the respondent bank had refused to sanction the further educational loan and demanded for repayment of the educational loan already obtained with interest. Hence, the present writ petition has been filed.

2.The learned counsel appearing for the petitioner submitted that as per the scheme of the educational loan, he is entitled for full interest subsidy during the period of moratorium i.e., Course Period plus one year or six months after getting job, whichever is earlier and as such, the respondent bank is not justified, seeking for repayment of the loan as well as the interest.

3.The second respondent herein has filed his counter affidavit on 04.06.2018, in which it is stated that as per Clause 14 of the terms and conditions, the petitioner herein is liable to pay interest on the loan amount utilised by him on monthly basis and since the petitioner has accepted the terms and conditions of the educational loan availed by him and had failed to pay the interest from 28.09.2015 onwards, he is not entitled to seek for further loan and is liable to pay the interest amount of Rs.92,164/- (Rupees Ninety Two Thousand One Hundred and Sixty Four Only).

4.The object and scheme of the educational loan is to ensure that every citizen of this Country should not be denied by professional education on the ground that he or she is poor. It is in this background that the scheme came to be introduced and approved by the Government of India, providing full interest subsidy during the period of moratorium i.e., the Course Period plus one year or six months after getting job, whichever is earlier on the loan is taken by the students belonging to economically weaker sections from scheduled banks.

5.In other words, the student, who is eligible for the educational loan, is required to repay the loan together with interest only after the completion of course or one year or six months after getting job, whichever is earlier. As such, this scheme does not provide for payment of any interest, during the period of moratorium. While that being so, the second respondent herein may not be justified in imposing certain conditions in the terms of educational loan, stating that the applicants are liable to pay interest even during the course of moratorium, which is opposed to the object of the entire scheme. If at all there is any such clause, enabling the bankers to claim interest during the period of moratorium, it would be opposed to the entire objective and hence, it would be illegal *per se*.

6.In the instant case, the second respondent is not justified in denying the petitioner's request for further additional loan on the ground that he has failed to pay the interest. In view of the aforesaid reasonings, the second respondent is bound to extend the further sanctioned loan to the petitioner without any break.

7.At this juncture, Mr.M.Senthil Kumar, learned counsel appearing for the second respondent submitted that the petitioner is required to produce the current income certificate every year in accordance with the scheme and in case, the petitioner produces the current income certificate, the application for further educational loan will be processed.

8.In the light of the observations so made and considering the submissions of the learned counsel for the second respondent, there shall be a direction to the second respondent to disburse the further educational loan to the petitioner's Account Loan No.915060010414434, enabling to pursue his course of B.E., Bio-Medical Engineering for the academic year 2016-2017 and 2017-2018 at S.M.K. Fomra Institute of Technology, Kelampakkam, Chennai. The petitioner is also directed to produce the current income certificate for the period of 2016-17 and 2017-18, within a period of one week from the date of receipt of a copy of this order. On receipt of such current income certificate, the second respondent shall disburse the educational loan, within a period of two weeks thereafter.

9.With the above directions, this writ petition stands allowed, accordingly. No costs.

Sd/-
Assistant Registrar(CS-II)

/True Copy/

Sub Assistant Registrar

To
The District Collector,
Thoothukudi District,
Thoothukudi.

+1cc to Mr.P.BALAMURUGAN,Advocate Sr.No.67402
+1cc to SPECIAL GOVERNMENT PLEADER, Sr.No.67362
MYR
MK/SB/SAR 2/21.06.2018/3P/4C

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