BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT
DATED: 02.08.2018
CORAM:
THE HONOURABLE MR.JUSTICE M.S.RAMESH
W.P.(MD) No.10967 of 2016

Sheik Abdulla ... Petitioner

vs.

1. The Chief Director
   represented for Tamil Nadu
   Minorities Economic Development
   Corporation
   807, Annasalai (5th Floor)
   Chennai-600002

2. The District Backward Communities
   and Minorities Welfare Officer
   District Collectorate Complex
   Theni
   Theni District

3. The Sub Registrar
   Co-operative Societies Sub Registrar Office
   Periyakulam
   Theni District

4. The Branch Manager
   represent for
   No.975, The Madurai District Central
   Co-operative Bank Ltd.,
   187, North Veli Street
   Madurai-625 001

5. The Registrar of Co-op. Societies
   170, Periyar EVR High Road
   Chennai-10

6. The Chairman cum Managing Director
   National Minorities Development and
   Finance Corporation
   Scope Minar, Core 1-1st Floor
   Laxmi Nagar, District Centre
   New Delhi-110 092 ... Respondents

[R5 & R6 are impleaded vide Court order dated 13.03.2017 in W.M.P. (MD) No.2347 of 2017]

PRAYER: Writ Petition filed under Article 226 of the Constitution of India for issuance of writ of mandamus directing the first and fourth respondents to receive petitioner returned education loan application, dated 01.06.2016 and disbursing education loan Rs.20,00,000/- to the petitioner's son for studying M.B.B.S.Course Qingdao University situated at 308, Ningaxia Road, Qindao, Shandong, Chinna, without insisting the petitioner to pledge property value of more than two times of education loan.

For Petitioner : Mr.K.P.S.Palanivel Rajan
For Respondents : Mr.N.Shanmugaselvam
Additional Government Pleader for R1 to R3
Mr.D.Shanmugaraja Sethupathi for R4
Mr.N.Shanmugaselvam
Central Government Standing Counsel
for R5 & R6

O R D E R

The grievance of the petitioner is that the fourth respondent is insisting for furnishing of collateral security, which is twice the value of the educational loan amount of Rs.20,00,000/-, for his son's M.B.B.S.Course at Qingdao University, China.

2. As per the lending policy of NMDFC, the State Channelising Agency is required to follow the guidelines prescribed therein, while disbursing the loans to the applicants. The relevant portion of the said guidelines reads as follows:

"6.SECURITY FOR BENEFICIARIES TO AVAIL LOAN UNDER THE SCHEME

i. NMDFC seeks revolving Government Guarantee from the concerned State Govt./UT Administration as security for the loan disbursed to its State channelising Agency.

ii.SCAs may also seek security from the beneficiaries for the loans disbursed to them. The type of security to be taken from the beneficiaries is to be decided by the SCAs. The norms of security should be such that the poor beneficiaries are able to meet them while necessary leverage for recovery of loan is also available to the lender. In general following security provisions are advised:-

a) For loans upto Rs.1,00,000	*Self Guarantee & Post Date Cheques*
b) For loans exceeding Rs.1,00,000 and upto Rs.5,00,000-	*Guarantee of one employee of PSU/Govt,/ Bank or one income tax payee/Public Representatives*

&
Post Dated Cheques.

c) For loans exceeding Rs.5,00,000	*Guarantee of two employees of Govt./PSU/ Bank or two income tax payee/Public Representative OR Collateral by way of Mortgage of landed property/Immovable Property of not less than or of the same value as the loan amount. & Post Dated Cheques."*

3. It is not in dispute that the petitioner seeks for educational loan to the tune of Rs.20,00,000/- alone. As such, by following the guidelines prescribed, the State Channelising Agency as well as the fourth respondent are required to fix-up the norms in accordance with the guidelines of NMDFC. In the case of the petitioner herein, the guidelines prescribed for the loans exceeding Rs.5,00,000/- is either through a guarantee of two Government employees or by way of collateral security of immovable property equal to the value of the loan amount and two post-dated cheques. As such, the fourth respondent may not be justified in seeking for collateral security, which is twice the value of the loan amount sought for.

4. In view of the policy note of NMDFC, the petitioner is granted liberty to re-present the educational loan application before the fourth respondent herein and on receipt of the same, the fourth respondent shall forward the same to the first respondent through proper channel, if it is otherwise in order. Thereafter, the first respondent shall process the same and take effective steps, in accordance with law, to disburse the loan amount to the petitioner. Such an exercise shall be completed within a period of two weeks from the date of re-presentation of the loan application by the petitioner.

5. With the above directions, the writ petition stands disposed of. No costs.

Sd/-
Assistant Registrar (AS)

/True Copy/

Sub Assistant Registrar(CS-II)

To

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+1cc to Mr.K.P.S.Palanivel Rajan, Advocate SR.No.76635
+1cc to Mr.D.Shanmugaraja Sethupathi , Advocate SR.No.76863
Krk
MK/KAK/SAR 2/06.08.2018/4P/8C

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