IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

Civil Writ Petition No.3668 of 2018.
Date of Decision: February 16, 2018

M/s Shree Nanak Agro Industries ......Petitioner

versus

Chief Manager, State Bank of India, Amritsar and others .....Respondents

CORAM: HON'BLE MR.JUSTICE SURYA KANT.
HON'BLE MR.JUSTICE SHEKHER DHAWAN.

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Present: Ms.Raina Sabharwal Thakur, Advocate, for the petitioner.

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Surya Kant, J. (Oral)

The petitioner claims itself to be a Micro, Small and Medium Enterprises claiming the benefit of the provisions of Micro, Small and Medium Enterprises Development Act, 2006 and the Reserve Bank of India guidelines issued thereunder. The petitioner has availed loan facilities from State Bank of India (respondent Nos.1 & 2) but it appears that due to default in payment of installments, the petitioner's loan account has been classified as NPA. The petitioner, on the other hand, applied for enhancement of limit of its Term Loan for which the State Bank of India, vide its impugned communication dated 09.11.2017 has expressed its inability to enhance the limit of term loan, observing as follows:-

> "... The activity of the unit are at low level and the firm has book debts as per balance sheet dated 31.03.2017 for Rs.25.13 lakh and of this Rs.4.66 lakh are one year older. We understand the promoters are not managing the affair of the unit efficiently and are applying of enhancement to fetch the fresh liquidity from the part of lender and not to infuse any fresh capital on their own part. The capital of the firm has declined in the year 2016. The promoter were advised to handle the affair of the firm effectively

to bring it out of present mess but they are reluctant to accept this fact. The firm is not submitting stock statement regularly. The stock of wheat lying in the godown of the firm were old and in bad condition as per last visit dated 16.08.2017. While taking into account we are unable to meet the enhancement proposal of the firm...."

The aggrieved petitioner has approached this Court placing great reliance on Government of India Schemes, Reserve Bank of India guidelines and the Credit Guarantee Fund Trust for Micro and Small Enterprises set up by Government of India and SIDBI.

We have heard learned counsel for the petitioner.

It appears to us that while no mandamus can be issued by this Court directing the bank to enhance the term loan limit, the petitioner can very well represent the bank alongwith details of its business activities and future prospects of viability. We have no reason to doubt that in case the petitioner is able to show that its account will no longer remain under stress and it is a viable industrial project, the bank shall surely consider such proposal objectively and independently, irrespective of its earlier decision.

Let the petitioner submit its proposal as directed above, within one week from today which may be considered by the respondent-bank within one month thereafter.

The writ petition stands disposed of accordingly.

[SURYA KANT]
JUDGE

February 16, 2018

[SHEKHER DHAWAN]
JUDGE

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Whether speaking/reasoned : Yes/No
Whether Reportable : Yes/No