

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 26.02.2021

CORAM:

THE HONOURABLE MR. JUSTICE ABDUL QUDDHOSE

W.P.No.6087 of 2020

S.Keerthivasan (Minor)

Rep. by its, Natural Guardian,

D.Senthil Kumar

... Petitioner

Vs.

1.The Reserve Bank of India,
Rep. by its Regional Director,
Chennai.

2.The Regional Manager,
Credit Section,
Bank of Baroda,
Egmore, Chennai.

3.The Senior Manager,
Dena Bank now
Bank of Baroda,
Redhills Branch,
No.2/31, G.N.T.Road,
Padiyanallur, Redhills,
Chennai - 600 052.

... Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorarified Mandamus to call for the records order passed by the 3rd respondent number nil dated 02.01.2020 and quash the same and further direction directing to the respondents 1st to 3rd to disbursed the educational loan to the petitioner's son to complete the studies of Commercial PILOT License (CPL) Course at Indra Gandhi Rastriya Udan Academy Institute at Uttrapradesh.

For Petitioner : Mr.J.Ashok

For Respondents : R1 - Sd - NA
Mr.G.R.Lakshmanan for R2 & R3

O R D E R

This writ petition has been filed challenging the order dated 02.01.2020 passed by the third respondent rejecting the petitioner's Education Loan application on the following grounds:

(a) There is downturn in aviation industry and the employment prospects after course completion are dim.

(b) According to market reports, many airlines are presently in financial strain and unable to pay salary to existing pilots on time.

(c) Since the course is a specialized one and does not qualify as a regular undergraduate degree, opportunities for finding alternate means of employment in other fields are limited.

(d) The repayment capacity of the parents (co-borrowers) of the student, in case of failure on part on the student to do so, has not been properly justified.

(e) The applicants have requested for Rs.20.00 lakhs loan as against the total course fee of Rs.45.00 lakhs. The sources of margin money for the balance amount are not clear.

2. Aggrieved by the same, this writ petition has been filed.

3. Heard Mr.J.Ashok, learned counsel for the petitioner and Mr.G.R.Lakshmanan, learned counsel for the respondents 2 and 3.

4. The learned counsel for the petitioner drew the attention of this Court to the Brochure of the respondent Bank which is available on-line with regard to the sanctioning of the Educational loan. In particular, he referred to Education institutions which fall under the list - A which reads as follows:

For Institutions in List-A
Up to RS.20.00 Lakh No Security
Co-obligation of parents /guardian along with assignment of future income of the student for payment of instalments.

Above RS.20.00 Lakh Tangible collateral security equal to 100% of the loan amount along with assignment of future income of the student for payment of installments.

5. The learned counsel for the petitioner also drew the attention of this Court to the list-A institutions and in particular he referred to Sl.No.121 which referred to the institution where the petitioner is undergoing Commercial Pilot License Training Course. Therefore, according to him, despite the Brochure which permits the respondent Bank to grant the loan

of Rs.20 lakhs to the petitioner without any security, arbitrarily and by total non-application of mind to the said Brochure, the impugned order has been passed by the third respondent rejecting the petitioner's application for Education loan to the extent of Rs.20 lakhs.

6.Per contra, Mr.G.R.Lakshmanan, learned counsel for the respondents 2 and 3 would submit that only in accordance with the guidelines for grant of Education loan, the petitioner's application seeking for education loan to the extent of Rs.20 lakhs was rejected. According to him, the reasons given by the third respondent under the impugned order are correct and the same does not suffer from any infirmity.

7.Admittedly, as seen from the impugned order, the Brochure referred to by the petitioner before this Court has not been considered by the respondent Bank in the impugned order. Admittedly, the Education institution where the petitioner is undergoing Commercial Pilot License Training Course is a notified institution. Therefore, being an educational loan, in the interest of the student, the petitioner herein, the respondents will have to consider the petitioner's representation once again in the light of the Brochure which has been referred to by the petitioner in this writ petition. It is for the respondents to decide as to whether the Brochure is applicable to the third respondent Bank or not. However, the same will have to be considered while passing final orders pursuant to the directions given by this Court in this order.

8.Admittedly, the third respondent bank has not applied its mind to the Brochure relied upon by the petitioner which enables the petitioner to avail an Educational loan to the extent of Rs.20 lakhs without any security. Hence, the impugned order will have to be quashed and the matter remanded back to the respondents for fresh consideration on merits and in accordance with law after giving an opportunity of hearing to the petitioner. Since the petitioner's Commercial Pilot License Training is going to get completed in a few months time, the representation of the petitioner will have to be considered expeditiously within a time frame to be fixed by this Court.

9.The learned counsel for the petitioner on instructions would submit that the petitioner will restrict his loan amount to Rs.10,50,000/-.

10.In the result, the impugned order dated 02.01.2020, passed by the third respondent is hereby quashed and the matter remanded back to the third respondent for fresh consideration of the petitioner's educational loan application and the third respondent shall pass final order on merits and in accordance

with law after affording one personal hearing to the petitioner within a period of four weeks from the date of receipt of a copy of this order.

11.With the aforesaid direction, this writ petition is disposed of. No costs.

Sd/-
Assistant Registrar(CS III)

//True Copy//

Sub Assistant Registrar

To

1.The Regional Director,
Reserve Bank of India,
Chennai.

2.The Regional Manager,
Credit Section,
Bank of Baroda,
Egmore, Chennai.

3.The Senior Manager,
Dena Bank now
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No.2/31, G.N.T.Road,
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Chennai - 600 052.

+1cc to Mr.G.R.Lakshmanan, Advocate Sr.12346
+1cc to Mr.J.Ashok, Advocate Sr.11995

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srg 02/03/2021

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