IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.17078 of 2021

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Mr. Raunak Prakash Singh, Son of Sri Chandra Prakash Singh, Resident of Mohalla - Laluchak Angari Near Abhilasha Bhawan, P.S. Lodipur, District-Bhagalpur.

... ... Petitioner/s

Versus

1. The Zonal Manager State Bank of India, West Gandhi Maidan, Patna.
2. The Assistant General Manager, State Bank of India R.B.O. Chhoti Khanjarpur, Bhagalpur.
3. The Branch Manager, State Bank of India Tatarpur Branch, Near Railway Station, Bhagalpur.

... ... Respondent/s

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Appearance :
For the Petitioner/s : Mr. Rajive Ranjan Singh, Advocate
For the Respondent/s : Mr.Kaushlendra Kumar Sinha, Advocate

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CORAM: HONOURABLE THE CHIEF JUSTICE
and
HONOURABLE MR. JUSTICE S. KUMAR
ORAL JUDGMENT
(Per: HONOURABLE THE CHIEF JUSTICE)

Date : 25-07-2022

Heard learned counsel for the parties.

The petitioner has prayed for the following relief/s :-

> "(i) For quashing the letter No. BM/2021-22/14 passed by Branch Manager, State Bank of India Tatarpur Branch, Bhagalpur.
>
> (ii) For direction to Respondents to grant Education Loan to the petitioner.
>
> (iii) For any other relief/reliefs entitled the petitioner accordance with law."

We are of the considered view that the petitioner's application for education loan stands wrongly rejected vide communication dated 13th of August, 2021 (Annexure-4, page –

65). We notice that internal communication issued by the bank dated 28th of April, 2001 (Annexure-6, Page -75) was never considered while rejecting the petitioner's application for education loan. Relevant portion whereof is extracted hereinbelow :-

Educational Loan Scheme

April 28, 2001

RPCD.PLNFS.BC.NO.83/06.12.05/2000-01

The Chairman/Managing Director
All scheduled commercial banks

Dear Sir

Educational Loan Scheme

The Finance Minister in a meeting with the Chief Executives of the public sector banks on 13 June 2000 had highlighted the role of commercial banks in facilitating pursuit of higher education by poor, but meritorious students. In pursuance thereof the Indian Banks' Association constituted a Study Group under the chairmanship of Shri R.J.Kamath, Chairman and Managing Director of Canara Bank to examine the issue in detail. Based on the recommendations of the Study Group, a comprehensive model educational loan scheme was prepared by the Indian Banks' Association for adoption by all banks. The Scheme aims at providing financial support from the banking system to deserving/meritorious students for pursuing higher education in India and abroad. The scheme was announced in the Union Budget for 2001-2002 and discussed in the meeting the Finance Minister had with the Chief Executives of banks on 7 April 2001.

2. Government of India, Ministry of Finance, Department of Economic Affairs [Banking Division] has considered and decided to accept the Model Scheme prepared by IBA for implementation, subject to the following modifications :

(i) The condition of minimum qualifying marks in the last examination may be dropped.

(ii) No margin may be insisted upon for loans upto Rs.4 lakh. However, for loans of higher amounts, the margin requirement may be 5% for inland studies and 15% for studies abroad.

(iii) No security may be insisted upon for loans upto Rs.4 lakh. However, for loans above this amount, collateral security of suitable value or co-obligation of parents/guardians/third party alongwith the assignment of future income of the student for payment of instalments may be obtained.

(iv) Loans upto Rs.4 lakh may be advanced at interest rate not exceeding PLR of the bank. Above Rs.4 lakh, the interest rate may be PLR + 1%.

3. We accordingly, forward herewith a copy of the model scheme prepared by IBA for implementation by banks after effecting the modifications indicated at [i] to [iv] of para 2 above, at the earliest so that its benefits are available to students from this academic session itself.

4. It is clarified that this Scheme is separate and in addition to and not in supersession of the scheme earlier circulated by RBI under Supreme Court orders vide our circular RPCD.SP.BC.10/09.07.01/99-2000 dated 31st July 1999 issued to public sector banks.

5. Please acknowledge receipt.

Undoubtedly, petitioner has applied for education loan only for a sum of Rs.4,00,000/-. As we read, security may not be insisted upon for disbursement up of loan to this amount. It is alleged that only because petitioner's father is a lawyer and that the bank, in principle, does not disburse loan to lawyers, is the ostensible reason for rejecting the petitioner's application for education loan.

Well, at this stage, we refrain from passing any further orders on this issue, save and except, direct the respondent bank to reconsider the petitioner's proposal for education loan for a sum of Rs.4,00,000/-.

Needful be positively done within a period of one week.

Petitioner shall approach respondent no.1, namely, The Zonal Manager State Bank of India, West Gandhi Maidan, Patna, who shall ensure that the petitioner's application for education loan is processed in accordance with law and decision taken thereupon at the earliest and preferably within a period of one week therefrom.

Liberty reserved to the petitioner to take appropriate action, should the need so arise.

However, we clarify that the urgency in the matter being apprehension, *bona fide* and that of the petitioner's cancellation of enrollment from the education institution on account of non-payment of the fees.

Petition disposed of in the aforesaid terms.

Interlocutory Application(s), if any, stands disposed of.

(Sanjay Karol, CJ)

(S. Kumar, J)

Ashwini/Sujit

AFR/NAFR	
CAV DATE	
Uploading Date	28.07.2022
Transmission Date	