IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated: 10/10/2022

C O R A M

THE HONOURABLE MR.JUSTICE **N. SATHISH KUMAR**

Writ Petition No.16553 of 2016

S. Balasubramaniam ... Petitioner

Vs

1. The Chief Manager
   Indian Bank
   Retail Banking Segment, Zonal Office
   Annanagar
   Kumbakonam.

2. The Branch Manager
   Indian Bank
   Sirkali
   Nagapattinam District. ... Respondents

PRAYER : Petition filed under Article 226 of the Constitution of India praying for the issuance of a writ of mandamus to direct the respondents to sanction educational loan to the petitioners son B.Vasanth for his B.E.Marine Engineering + MBA or M.S.C IT Course which is a dual degree programme at AMET University, No.135 East Coast Road, Kanathur B.E.

For petitioner	...	Mr.S.Arokia Maniraj
For respondents	...	Ms.S.R.Sumathy

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ORDER

This writ petition has been filed to direct the respondents to sanction educational loan to the petitioner's son B.Vasanth for his B.E.Marine Engineering + MBA or M.S.C IT Course which is a dual degree programme at AMET University, No.135 East Coast Road, Kanathur B.E.

2. The case of the petitioner is that he had approached the second respondent for sanction of educational loan of Rs.7.50 lakhs. The petitioner had submitted the loan application along with relevant documents. Though the first respondent had received the recommendation from the second respondent, no steps have been taken to disburse the amount. Though the Bank has initially agreed to sanction the loan for a sum of Rs.7.50 lakhs, despite the documents submitted by the petitioner loan has not been sanctioned. Hence instant writ petition has been filed.

3. Counter has been filed by the respondents stating that the writ petitioner has approached the second respondent for sanction of educational loan of Rs.7.50 lakhs, for his son, whereas the fee structure for the entire course is Rs.15.53 lakhs. The petitioner had failed to state why he has applied for a lesser amount of Rs.7.50 lakhs. On 17/6/2015, the respondents caused a letter to the petitioner, requesting the following to be furnished.

i. The mark sheets for the semester exams held so far

ii. Declaration that the student has not availed education loan in any other bank or financial institution.

iii. As the loan is applied under IBA Scheme – Rs.7,50,000/- as per bonafide certificate, tangible collateral security of suitable value acceptable to bank along with the assignment of future income of the student for the payment of instalments is to be provided.

iv. Proof of selection under Commission Selection Process to be provided.

4. As the petitioner has failed to comply with the above request, loan could not be sanctioned by the second respondent Bank.

5. Heard Mr.S.Arokia Maniraj, learned counsel for the petitioner and Mrs.S.R.Sumathy, learned Standing Counsel for the respondents.

6. The learned counsel appearing for the petitioner submitted that he has produced all the revenue records and also produced salary certificate. He would further submit that even though the petitioner had completed the course, still there is a due towards the payment to the Colleges.

7. Whereas, it is the contention of the learned counsel appearing for the respondents that the very object of the course is to provide financial assistance to the students. The petitioner has not cooperated with the respondent Bank to enable them to sanction educational loan, as per the norms prescribed by Reserve Bank of India. As stated by the counsel for the petitioner, son of the petitioner has already completed the course. Therefore, at this stage, writ petition has become infructuous and hence prays for dismissal.

8. The object of the Educational Loan Scheme is that every meritorious student though poor is provided with an opportunity to pursue education with

the financial support from the banking system with affordable terms and conditions. No deserving student is denied an opportunity to pursue higher education for want of financial support.

9. The petitioner sought for sanction of Rs.17.50 lakhs by way of educational loan. The petitioner has neither submitted any proof nor offered tangible collateral security. Hence the second respondent could not sanction bank loan. If the building is already mortgaged, income derived can be taken as a collateral security which governs the required loan amount. The very circular itself indicate that the loan amount be sanctioned on the basis of collateral security. It is the case of the respondents that the petitioner has not produced any tangible collateral security. It is relevant to note that mere submission of revenue records would not be taken as a collateral security.

10. Though the loan is sought for joining the course, now it appears that the petitioner's son has completed the course. At this stage, directing the respondent Bank to sanction loan does not arise at all. As the course has already completed by the son of the petitioner, this Court is of the view that nothing survives for further adjudication in this matter.

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11. Accordingly, this writ petition is dismissed. No costs.

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Index : Yes / No
Internet: Yes
Speaking/non speaking order

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