IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 19.04.2023

CORAM :

THE HONOURABLE MR. JUSTICE **M. DHANDAPANI**

W.P.No.3668 of 2020
and W.M.P.No.4325 of 2020

K.Ilayabharathi ... Petitioner

Vs.

1. The Union of India,
represented by its Secretary,
Ministry of Human Resources
and Development, New Delhi.

2. The General Manager,
Oriental Bank of Commerce,
2nd Floor, No.769 Spencer Plaza,
Anna Salai, Chennai-2.

3. The Branch Manager,
Oriental Bank of Commerce,
No.12, 100 Feet Road,
Ellaipillaichavadi,
Puducherry-605005. ... Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India for issuance of a Writ of Mandamus, directing the respondents 2 and 3 to credit the interest subsidy for the educational loan Account No. 008486411000686 for the period 2013-14, 2014-15 and upto 30.09.2015 and recast the EMI with effect from 31.08.2015 and communicate the outstanding amount to the petitioner within a reasonable time as maybe fixed by this Court.

For Petitioner	:	Mr.A.E.Ravichandran
For R1	:	Mr.S.Muthusamy, ACGSC
For R2 and R3	:	Mr.S.K.Srinivasan

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ORDER

The petitioner has filed this writ petition seeking a direction to respondents 2 and 3 to credit the interest subsidy for the educational loan Account No.008486411000686 for the period 2013-14, 2014-15 and upto 30.09.2015 and recast the EMI with effect from 31.08.2015 and communicate the outstanding amount to the petitioner within a reasonable time as maybe fixed by this Court.

2. Mr.A.E.Ravichandran, learned counsel appears for the petitioner. Mr.S.Muthusamy, learned Additional Central Government Standing Counsel appears for the first respondent. Mr.S.K.Srinivasan, learned Standing Counsel appears for respondents 2 and 3.

3. The case of the petitioner is as follows :

(i) The petitioner joined MBBS course in Sri Venkateshwaraa Medical

College Hospital and Research Centre, Ariyur, Puducherry in August 2009. She applied to the third respondent bank for educational loan, which is being sanctioned for economically weaker sections. She was sanctioned a sum of Rs.7.5 lakhs towards educational loan by the third respondent bank vide sanction letter dated 25.3.2010, as per which, the term of the loan was for five and half years including the moratorium of 66 months. The repayment had to commence six months after getting a job or 12 months after completion of the course, whichever is earlier. The rate of interest mentioned was 11% per annum.

(ii) In the meanwhile, the first respondent approved a scheme from the year 2009-10 to provide full interest subsidy during the period of moratorium for educational loans known as Central Scheme to provide Interest Subsidy, as per which, the interest subsidy should be linked with the existing educational loan scheme and restricted to students enrolled in recognized courses in educational institutions established by the Acts of Parliament and other institutions recognized by the Statutory Bodies and the Central and the State Governments. In view of the same, the petitioner would be fully eligible for full interest subsidy during the period of moratorium.

(iii) The petitioner completed her course on 08.1.2015 and joined Junior Resident in a medical college at Puducherry. As per the original sanction letter, the moratorium period expired on 30.9.2015 and the recovery was to commence from October 2015. However, to her shock and surprise, the petitioner received a notice dated 12.8.2014 from the third respondent stating that the moratorium period expired on 31.7.2014 and the repayment had to commence with effect from 31.8.2014. After capitalising the accrued interest, the petitioner was directed to pay a sum of Rs.15,320/- per month in 84 EMI commencing from 30.9.2014. Thereafter, the third respondent issued another letter dated 07.8.2015 intimating a new EMI of Rs.17,400/- with the start date as 31.8.2015 with a repayment period of 84 months showing the balance as Rs.9,55,482.77 Ps. Since the petitioner joined as Junior Resident during September 2015, she started repaying the loan from September 2015 and she had been duly repaying the EMI. Totally, upto September 2018, she paid a sum of Rs.5,94,200/-.

(iv) During the month of February 2019, after verification of the loan account, the petitioner came to know from the third respondent bank that the interest subsidy under the CSIS Scheme was claimed during the moratorium period of 2010-11, 2011-12 and 2012-13 and for the remaining moratorium period of 2013-14, 2014-15 and upto 30.9.2015, the interest subsidy was not claimed by them.

(v) Hence, the petitioner made a detailed representation dated 20.2.2019 to the second respondent expressing her grievance that the outstanding loan amount after completion of moratorium i.e September 2015 should be Rs.7.5 lakhs only and the letter dated 07.8.2015 showing the balance as Rs.9,55,482.77 Ps was incorrect. The petitioner requested the second respondent to correct the mistake. According to the petitioner, the difference of Rs.2,05,482.77 Ps was due to non claiming of interest subsidy by the third respondent bank from the Central Government under the CSIS Scheme.

(vi) A copy of the representation dated 20.2.2019 sent to the second respondent was also sent to the Banking Ombudsman, C/O the Reserve Bank of India, Chennai. The Banking Ombudsman accepted the said representation dated 20.2.2019 as a complaint and sought a response from the Nodal Officer of the respondent bank. Pursuant to that, the respondent bank submitted their response vide letter dated 21.3.2019, as per which, the rightful interest subsidy was not claimed for the periods 2013-14, 2014-15 and upto 30.9.2015.

(vii) Subsequently, the petitioner replied through the letter dated 07.6.2019 to the office of the Banking Ombudsman by stating that as per the CSIS, to claim interest subsidy, the income certificate once submitted at the inception would be sufficient and that there was no necessity to submit the income certificate every year. Ultimately, after considering the complaint sent by the petitioner and the response of the respondent bank, the Banking Ombudsman passed an order dated 18.7.2019 directing the respondent bank to calculate the amount of interest subsidy for 2013-14 and 2014-15 and credit the same into the account of the petitioner. Despite such an order by the Banking Ombudsman, the first respondent had not credited the interest subsidy. In this regard, though the petitioner sent a letter dated 20.1.2020 to the Banking Ombudsman, till date, no action had been taken by the respondent bank to credit the interest subsidy.

(viii) The total interest subsidy during the relevant period was around Rs.1,84,138/- and the respondent bank ought to have credited the interest subsidy every year and the actual loan amount ought to have been recast with effect from September 2015. The amounts paid by the petitioner ought to have been adjusted towards principal and interest. In spite of it, the first respondent had not taken any action till date.

(ix) At the time of filing the writ petition, the petitioner resigned her job and was preparing for the entrance to do post graduation. At the time of sanction of the loan, the petitioner's uncle - one Mr.M.Krishnamoorthy gave personal guarantee. Since the respondent bank did not come forward to adjust the interest subsidy, the petitioner kept on holding the payment of the EMIs. All of a sudden, the respondent bank had frozen the bank account of the said Mr.M.Krishnamoorthy without any prior notice, which was nothing but a coercive step taken by the respondent bank. Thereafter, in order to resolve the issue, the petitioner and her father approached the respondent bank on three occasions between September 2019 and December 2019. However, the official of the respondent bank insulted the father of the petitioner and threatened him to take stringent steps if the petitioner fails to pay the loan amount. Once the interest subsidy is credited and the actual balance is informed, the petitioner is ready to clear the balance amount. Hence the writ petition.

4. Though very many grounds were raised in the affidavit filed in support of the writ petition, at the time of hearing, the learned counsel for the petitioner submitted that it would suffice to direct the second respondent to consider the petitioner's representation dated 20.2.2019 and pass appropriate orders within a time frame.

5. Per contra, the learned Standing Counsel appearing for the respondent bank submitted that the petitioner is not entitled to any interest subsidy from the first respondent, as the petitioner simultaneously received the scholarship amount of Rs.1 lakh per year for four years from the Government of Puducherry. However, he further submitted that the representation of the petitioner dated 20.2.2019 may be directed to be considered in a manner known to law.

6. This Court heard the learned counsel for the petitioner and the respondent learned Standing Counsel appearing for the respondents.

7. Considering the facts and circumstances, this Court, without going into the merits of this case, directs the second respondent to consider the

petitioner's representation dated 20.2.2019 and pass appropriate orders on merits and in accordance with law after affording an opportunity of personal hearing to the petitioner as well as the aggrieved persons, if any, within a period of four weeks from the date of receipt of a copy of this order. Consequently, the connected WMP is closed. No costs.

19.04.2023

Index : Yes / No
Speaking order / Nonspeaking order
Netrual Citation Case : Yes / No

To

1. The Secretary to the Union of India,
   Ministry of Human Resources and
   Development, New Delhi.

2. The General Manager,
   Oriental Bank of Commerce,
   2nd Floor, No.769 Spencer Plaza,
   Anna Salai, Chennai-2.

3. The Branch Manager,
   Oriental Bank of Commerce,
   No.12, 100 Feet Road,
   Ellaipillaichavadi,
   Puducherry-605005.

(rap)

M.DHANDAPANI, J.

(rap)

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