



W.P. No.19298 of 2022

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 19.07.2023

CORAM: JUSTICE N.SESHASAYEE

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C.Guhan

... Petitioner

Vs.

The Branch Manager
Indian Overseas Bank
Sethiyathoppu Branch
Sethiyathoppu
Buvanagiri Taluk
Cuddalore District

... Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India for a writ of certiorarified mandamus calling for the entire records relating to the letter of the respondent in Ref. No.IOB/.../2022-23 dated 25.04.2022, quash the same and consequently direct the respondent to give education loan on the petitioner's loan application ID 1154267 under the IOB Vidya Suraksha Scheme dated 04.09.2021.

For Petitioner : Mr.J.Titus Enock

For Respondents : Mrs.V.Rajeswari



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ORDER

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The petitioner's son has passed his 12th standard examination from the State Board. He had scored 293 marks out of 600 marks, in all 48.83%. He is now prosecuting his studies in B.Pharm. For supporting which he had approached the respondent bank for educational loan. The said loan was rejected by the bank vide its communication dated 25.04.2022, wherein it was stated that the petitioner has not scored the minimum requirement of 60% marks in his twelfth standard examination, which is now under challenge.

2.The bank has filed its counter, whose essence will be narrated little while down now.

3.Heard both sides and perused the materials available on record in the form of typed set of papers.

4.The learned counsel for the respondent told this court that banks are fundamentally engaged in commercial activities and it is guided by the commercial prudence of ensuring that the money it advanced are capable of being realised. Accordingly, even when a bank provides educational loan, it



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always looks to the possibility of realising the amount so advanced. In this regard, the banks follow Indian Banks Association circulars. Taking this court through the circular dated 15.02.2021 for the year 2020-2021, the learned counsel submitted that so far as the eligibility criteria for educational loan is concerned, the Indian Banks Association let each bank to draw its own policy against risk mitigation. Accordingly, the respondent bank has drawn its policy. According to the policy, the respondent has fixed the minimum eligible mark for considering a candidate's application for educational loan at 60% in the qualifying examination for further studies. Since this criteria was not satisfied by the petitioner's son, the bank did not advance loan. At the end of the day, the banks are engaged in commercial activities and the banking transactions are guided by the contract and hence it is not amenable to writ jurisdiction.

5. The learned counsel for the petitioner would respond to this and submit that in terms of Indian Banks Association Regulation 4.3, if the admission to an eligible course is through a merit based selection process, then the candidate should be considered as a meritorious student. The learned counsel added further that the petitioner's son has obtained a seat under merit quota; (b) that the petitioner is also willing to offer requisite collateral security for obtaining



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the educational loan for his son.

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6.While this court finds a considerable merit in the submissions of the learned counsel for the respondent, inasmuch as the petitioner has also brought to the notice about the Indian Banks Association Regulation 4.3 and is also ready to provide collateral security for the said loan, the bank can still consider the case of the petitioner for grant of educational loan based on the submissions made by the learned counsel for the petitioner.

7.Accordingly the petitioner is now required to approach the bank with a fresh representation/application for educational loan, consistent with the statements now made before this court and when it is done, the bank may consider it as per its guidelines.

8.The writ petition is disposed of accordingly. No costs.

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Asr

Index : Yes/No

Speaking/Non speaking order



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N.SESHASAYEE, J.,

Asr

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