BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED :06.04.2023

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THE HONOURABLE MR.JUSTICE SENTHILKUMAR RAMAMOORTHY

W.P.(MD)No.5924 of 2016
and W.M.P(MD).No.5256 of 2016

C.Rajagopal ... Petitioner

Vs.

1.The Secretary to the Government,
Adi Dravidar Welfare Department,
Fort St.George,
Chennai-600 006.

2.The Managing Director,
Tamil Nadu Adi Dravidar Housing and
Development Corporation,
No.31, Canetoph Road, 2nd lane,
Teynampet,
Chennai-600 018.

3.The District Manager,
Tamil Nadu Adi Dravidar Housing and
Development Corporation,
Collectorate,
Theni,
Theni District.

4.The Branch Manager,
State Bank of India,

Kottur Branch,
Theni District. ... Respondents

PRAYER : Petition filed under Article 226 of the Constitution of India praying for issuance of Writ of Certiorarified Mandamus, calling for the records pertaining to the impugned order passed by the fourth respondent dated 09.11.2015 and quash the same as illegal and consequently direct the respondents 3 and 4 to grant the loan under the Land Development Scheme as per the G.O.Ms.No.106 dated 27.08.2015 issued by the first respondent to the petitioner within the time stipulated by this Court.

For Petitioner :Mr.C.Gangaiamaran

For Respondents :Mr.C.Baskaran
Government Advocate
for R1 to R3
Mr.M.Kannan
for R4

ORDER

The petitioner assails an order dated 09.11.2015 by which the State Bank of India, Kottur Branch refused to sanction a loan to the petitioner on the ground that the petitioner did not have an electricity service connection for drip irrigation.

2. The petitioner states that he is the absolute owner of the property bearing Survey No.40, at Kottur Village, Theni Taluk, Theni District. It is stated that the petitioner undertakes agricultural activities on the said land. In connection therewith, the petitioner had applied to the third respondent for sanction of a loan under the scheme framed by the first respondent on 07.10.2014. According to the petitioner, upon submission of all relevant documents, the third respondent issued a letter to the petitioner for an interview on 15.04.2015 in relation to sanction of the loan. Although the petitioner attended the interview and produced all relevant documents, the fourth respondent rejected the petitioner's request on the ground that the petitioner does not have an electricity service connection.

3. Learned counsel for the petitioner submits that the petitioner subsequently obtained an electricity service connection and that such connection is available as on date. Therefore, he submits that the only reason on which the application for sanction of the loan was rejected no longer survives. Therefore, he makes a request that the petitioner's application for sanction of the loan may be directed to be reconsidered by

the fourth respondent.

4. Learned counsel for the State Bank of India submits that credit appraisal is a function to be undertaken by the bank concerned on an assessment of the capacity of the prospective borrower to fulfil loan obligations. At the relevant juncture, the petitioner did not fulfil the conditions for sanction of the loan, since the petitioner did not have the capacity to undertake the project in relation to which the loan was applied for. As regards reconsideration of the request for a loan, learned counsel submits that the situation on the ground has changed after the Covid-19 pandemic. Therefore, he submits that such request would only be considered based on existing schemes and the terms and conditions relating thereto. He further submits that the grant of loan is entirely in the discretion of the Bank.

5. As correctly contended by learned counsel for the State Bank of India, the extension of credit facilities by a lender is a decision taken by undertaking credit appraisal in accordance with the policies framed by the

bank in such regard. Consequently, the relief claimed by the petitioner is misconceived and this Court cannot issue a direction to the Bank to sanction a loan. In this case, the request for sanction of the loan was rejected at the relevant point of time on the ground that the petitioner did not have an electricity service connection. Since such connection was necessary for purposes of implementing the project, there is no infirmity in the impugned order.

6. Learned counsel for the petitioner submits, however, that such electricity service connection was obtained later and is currently available. In these changed circumstances, it is open to the petitioner to reapply for sanction of a loan to the third respondent. In case the petitioner's application meets the requirements and satisfies the conditions imposed by the third respondent, the fourth respondent may examine such application in accordance with extant policy in relation to the provision of credit facilities. It is made clear that no opinion is being expressed with regard to the entitlement of the petitioner for such credit facilities and such determination falls squarely within the province of the fourth respondent.

7. Subject to the above observations, W.P(MD).No.5924 of 2016 is disposed of without any order as to costs. Consequently, connected W.M.P(MD).No.5256 of 2016 is also closed.

06.04.2023

NCC :No
Internet :Yes
Index :No
ssb

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SENTHILKUMAR RAMAMOORTHY, J.

ssb

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