BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 25.11.2025

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THE HONOURABLE MS.JUSTICE P.T.ASHA

Writ Petition(MD)No.23171 of 2025

S.Thirupparkadal ..Petitioner

Vs

The Branch Manager,
State Bank of India,
Sri Vaikundam Branch,
Sri Vaikundam,
Thoothukudi District.

..Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India, praying this Court to issue a Writ of Mandamus to direct the respondent to disburse an educational loan Rs.15 Lakhs to the petitioner's son, T.Avinash Durai, who is studying in the 4th year of the Bachelor of Dental Surgery (BDS) program at Raja's Dental College and Hospital, Kaval Kinaru Junction, Tirunelveli District, within the period stipulated by this court.

For Petitioner : Mr.N.Sathish Babu

For Respondent : Mr.M.Ponniah

ORDER

This Writ Petition has been filed seeking issuance of a Writ of Mandamus directing the respondent Bank to disburse an educational loan of Rs.15,00,000/- to the petitioner's son, T. Avinash Durai, who is studying in the 4th year of the Bachelor of Dental Surgery (BDS) course at Raja's Dental College and Hospital, Kaval Kinaru Junction, Tirunelveli District, within the time stipulated by this Court.

2. The petitioner submits that he is an Advocate by profession and is also engaged in agriculture in his native place. His son completed higher secondary education and secured admission to the BDS course in the academic year 2020. The duration of the course is five years, including internship. The total tuition fees and other expenses for the entire course amount to approximately Rs.15 lakhs. As the petitioner was unable to mobilize the required funds, he applied for an educational loan with the respondent Bank in the year 2021.

3. According to the petitioner, despite compliance with all requirements, the respondent Bank delayed the processing of the loan. By letter dated 10.05.2023, the respondent Bank raised queries with regard to the petitioner's CIBIL report, pointing out overdue payments relating to a vehicle loan. The petitioner claims that he subsequently cleared the said

loan by borrowing from private sources and that, as on date, there are no outstanding loans either in his name or in the names of his family members. He also states that he submitted his house property documents as collateral security.

4. The petitioner further submits that in October 2024, he again approached the respondent Bank seeking disbursement of the educational loan. As no decision was taken, he W.P.(MD)No.5486 of 2025, which was disposed of on 28.02.2025, directing the petitioner to rectify the queries raised by the respondent Bank and resubmit the application, and directing the respondent Bank to consider the same and pass orders within a period of one month. Despite intimation of the said order, the respondent Bank did not pass any order within the stipulated time. Consequently, the petitioner issued a contempt notice dated 03.06.2025. The respondent Bank, through its counsel, replied stating that the loan request was rejected on account of the petitioner’s low CIBIL score. The petitioner contends that no formal rejection order was served on him and that he received only an SMS intimation. Hence, the present Writ Petition has been filed seeking a direction to the respondent Bank to disburse the educational loan.

5. The learned Standing Counsel appearing for the respondent Bank submitted that the petitioner seeks an educational loan for his son, however, the creditworthiness of the petitioner and his wife is doubtful. It is

further submitted that both are habitual borrowers, and therefore, the loan could not be sanctioned. The learned Standing Counsel further submitted that, as per the Reserve Bank of India (RBI) circulars and the Model Educational Loan Scheme, banks are required to assess the credit history, repayment capacity, and overall financial discipline of the borrower or co-borrower. The RBI guidelines do not mandate automatic sanction of educational loans and permit banks to decline applications where the borrower’s credit profile is adverse. In support of the above contention, the learned Standing Counsel produced the CIBIL credit report, which reflects multiple borrowings and irregular repayment history.

6. This Court has carefully considered the rival submissions and perused the records, including the CIBIL credit report produced by the respondent Bank. The reports indicate that the petitioner and his wife have availed multiple loans and that the repayment history is not satisfactory. The overall credit profile raises serious doubts regarding their repayment capacity and financial discipline.

7. The Reserve Bank of India, through its circulars and the Model Educational Loan Scheme, has emphasized that while educational loans are intended to promote access to higher education, their sanction is subject to the due diligence and credit appraisal to be undertaken by the lending bank. The RBI guidelines require banks to assess the creditworthiness and

repayment capacity of the borrower or co-borrower and do not take away the discretion of the bank to reject a loan application on valid financial grounds. The mere fact that the petitioner has offered collateral security or claims to have cleared earlier dues cannot compel the respondent Bank to sanction the loan, if the overall credit assessment continues to remain adverse. Though the petitioner has contended that no formal rejection order was served, the material placed before this Court clearly shows that the loan application was considered and rejected on the ground of low CIBIL score, which is a relevant factor under RBI guidelines.

8. In view of the above, this court does not find any merits in this writ petition and hence, this Writ Petition stands dismissed. No costs.

25.11.2025

NCC : Yes/No
Index : Yes/No
Internet:Yes
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P.T.ASHA, J.

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