

Manager, Syndicate Bank Vs. T. Brahmananda Kumar and Another

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Court : Andhra Pradesh State Consumer Disputes Redressal Commission
SCDRC Hyderabad

Decided On : Jan-27-1999

Judge : S. Parvatha Rao, President & the Honourable Mr. K. Ranga Rao,
Member

Appeal No. : F.A. No. 416 of 1997

Appellant : Manager, Syndicate Bank

Respondent : T. Brahmananda Kumar and Another

Judgement :

K. Ranga Rao, Member:

1. Aggrieved by the order dated 26.2.1997 passed by the Prakasam District Forum at Ongole whereby it directed the Manager, Syndicate Bank, Tangutur, Prakasam District (opposite party No. 2) to pay to the complainant a sum of Rs. 10,000/- with interest at 18% per annum from the date of the order till the date of payment and also costs of Rs. 300/-, the 2nd opposite party in the said OP preferred this appeal.

2. The case of the respondent herein who is the complainant before the District Forum was that he being an unemployed graduate approached the General Manager, The District Industries Centre, Ongole (opposite party No. 1) for financial assistance to start some supply company to eke out his livelihood, that he was

selected by the District Industries Centre under Prime Ministers Rozgar Yojana Scheme and was directed to approach the 2nd opposite party- Bank for a loan of Rs. 65,000/-, that accordingly he made an application to the 2nd opposite party for sanction of loan of Rs. 65,000/-, that the 2nd opposite party asked him to furnish security for the loan, and that though he furnished the security, the 2nd opposite party refused to sanction the loan. Therefore, he filed this present complaint before the Prakasam District Forum against 1. The General Manager, The District Industries Centre, Ongole, and 2. The Manager, Syndicate Bank, Tangutur, Prakasam District requesting for a direction to sanction the loan amount of Rs. 50,000/- and also to pay compensation of Rs. 10,000/-.

3. Though he was served with the notice of this complaint, the 1st opposite party did not appear before the District Forum. An Advocate filed appearance for the 2nd opposite party but he has not filed any counter for the 2nd opposite party.

4. At the time of enquiry the complainant examined himself as PW1 and got Exs. A-1 to A- 5 marked in support of his claim. Ex. A-1 is the copy of the letter dated 25.10.1994 of the 2nd opposite party asking the complainant to furnish necessary information for taking further action in the matter. Ex. A-2 is a copy of the letter written by the 1st opposite party to the complainant directing the complainant to approach the 2nd opposite party for further action in the matter. Ex. A-3 is the copy of the letter dated 21.3.1995 written by the District Collector to the Manager of the Syndicate Bank, Ongole informing him that the complainant was selected for loan under Prime Ministers Rozgar Yojana Scheme and requesting the said Bank to contact the 2nd opposite party for sanctioning loan to the complainant. Ex. A-4 is the copy of the letter dated 21.7.1995 of the Divisional Manager, Syndicate Bank, Ongole informing the complainant that his application for a loan of Rs. 65,000/- for setting up supply company at Tangutur was not considered for favourable sanction as the Tangutur Branch (opposite party No. 2) found the Scheme to be not viable owing to existing competition and other reasons and therefore his application was rejected and returned to the District Industries Centre (opposite party No. 1) on 29.3.1995 and advising the complainant to call on the 2nd opposite party and explain to him the full details of the complainants scheme so as to review the matter and take a suitable decision in the matter. Ex. A- 5 is a

copy of the letter written by the General Manager, District Industries Centre, Ongole (opposite party No. 1) to the 2nd opposite party requesting the 2nd opposite party to consider the application of the complainant on first priority.

5. After considering the material on record the District Forum held that in view of the recommendations made by the 1st opposite party as well as the District Collector of the Prakasam District for sanction of loan the 2nd opposite party should have sanctioned the loan asked for by the complainant and that there is deficiency in service on the part of the 2nd opposite party in not sanctioning the loan. Accordingly the District Forum passed the impugned order directing the 2nd opposite party to pay a compensation of Rs. 10,000/- to the complainant.

6. The point for consideration is whether the order of the District Forum is not sustainable.

The learned Counsel for the appellant points out that the General Manager, District Industries Centre, Ongole (opposite party No. 1) and the District Collector, Ongole only recommended for sanction of loan having selected the complainant under the Prime Ministers Rozgar Yojana Scheme for self-employment, that the recommendations made by them do not automatically entitle the complainant to get the loan from the 2nd opposite party, that the 2nd opposite party as a Banking institution has considerable discretion in the matter of sanctioning of loan since they are bound to follow the guidelines laid down by the Reserve Bank of India and that the final decision whether or not to lend or advance any funds to any party rests with the Bank concerned and that in the circumstances the finding of the District Forum that there is deficiency in service on the part of the 2nd opposite party merely on the ground that the 2nd opposite party has not sanctioned loan to the complainant cannot be upheld. The learned Counsel further contends that the relief claimed by the complainant is one to direct the opposite parties to release the loan amount under Prime Ministers Rozgar Yojana Scheme and that the said relief is not a relief that can be granted by the District Forum. In *M/s. Bunnys Gift and Novelty Centre v. Punjab and Sind Bank*, III (1993) CPJ 322 (NC) the National Commission held that the Banks have considerable discretion in the matter of sanctioning of loans and granting cash credit facilities and the Banks are only

bound to follow the guidelines laid down by the Reserve Bank of India and the final decision whether or not to lend or advance any funds to any party rests with the Bank concerned. In *Martha Bikshapathi v. Mathu, I* (1994) CPJ 489 (A.P. State Commission) this Commission held that the relief of directing the Bank to release the loan amount under Gramodaya Scheme is not a relief that can be granted by the District Forum under Section 14 of the Consumer Protection Act, 1986. It is urged for the appellant that the order of the District Forum is not sustainable. We have gone through the material on record. The letters written by the opposite party No. 1 and the District Collector are only recommendatory in nature and the opposite party No. 2 is not bound to sanction the loan to the complainant merely because the 1st opposite party and the District Collector concerned recommended them for sanction of the same since the 2nd opposite party has considerable discretion to sanction the loan keeping in view the viability of the Scheme for which loan was sought for. In Ex. A-4 letter the Divisional Manager, Syndicate Bank, Ongole categorically stated that the complainants application for sanction of loan of Rs. 65,000/- for setting of a supply company at Tangutur was not considered favourably, since the 2nd opposite party found the scheme to be not viable owing to the existing competition and other reasons and therefore the complainants application was rejected. In the circumstances, we are of the opinion that there is no deficiency in service on the part of the opposite party and the order of the District Forum is liable to be set aside.

In the result, the appeal is allowed and the order of the District Forum is set aside and the complaint, OP No. 55/1995 is dismissed. There shall be no order as to costs in this appeal.

Appeal allowed.

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