
(1992) 11 NCDRC CK 0006

In the National Consumer Disputes Redressal Commission

ASHOK PRABHAKAR

APPELLANT

Vs

STATE BANK OF INDIA

RESPONDENT

Date of Decision : 02-11-1992

Acts Referred:

Citation : 1992 0 NCDRC 38 : 1993 0 CPC 316 : 1993 1 CLT 694 : 1993 1 CPJ 11 : 1993 1 CPJ 83 : 1993 1 CPR 103 : 1993 1 CTJ 123

Hon'ble Judges : A.S.VIJAYAKAR , B.S.YADAV , Y.KRISHAN J.

Advocate : S.L.GUPTA

Judgement

1. THIS is an original petition in which Mr. Ashok Prabhakar has claimed a sum of Rs. 61 lacs from the Respondent - Bank for its illegal and wrong decision not to finance the small scale industry on the ground that the same is not viable. The Complainant had approached the State Bank of India. Mehatpur (Himachal Pradesh) - Respondent No. 1 for providing working capital for manufacturing gun-metal parts, valves, cocks and metal bushes in the small-scale sector. The Respondent - Bank did not find the proposition economically viable and, therefore, declined to finance it with term and working capital loans. According to the Complainant, this unit was declared viable and later financed by Himachal Pradesh Financial Corporation and in February, 1991 the unit had been found economically viable and technically feasible as per the joint study report of Himachal Consultancy Organisation Ltd. and Small Industrial Development Bank of India. According to the Complainant because of the perverse decision of the Respondent No. 1 that the unit was not viable, he had been financially ruined and the interest bearing loan obtained from H.P.F.C. had become a dead investment.

2. THE Respondents in their counter statement have explained that the industry for manufacturing of gun-metal parts, valves, cocks and metal bushes has its base at Jalandhar in Punjab and at Delhi. At Methapur where the Complainant had set up his unit neither the raw-material nor the skilled labour, nor the market for the finished goods were available. The Complainant also had purchased

machinery for his unit at prices double the market prices and projected sales of Rs. 1.31 crores in the first year of production whereas well established units at Jalandhar have a maximum sale of Rs. 20 to 25 lacs. According to the Respondents, even if the HIMCON, SIDBI and HPFC have found the project viable for term loan yet so far as the Respondents were concerned they had come to the clear finding that for them the project was not viable. Since they did not consider the proposal as a fair banking risk, a decision which they are competent to take in their discretion, they declined to finance the project. The Respondents have also pointed out that originally the complainant had approached a sister concern, the Punjab National Bank for financing but eventually that Bank also found the project nonviable and refused to grant the facilities. Thereafter the complainant approached the Respondent State Bank of India in 1987 as per the details given above. We have repeatedly held that it is for the Bank and Financial Institutions to decide whether to assist any industry with term and working capital loans. If in the judgment they find that a party is not creditworthy or the project proposed to be financed is unviable, it cannot be maintained that the refusal to finance the unit constitutes deficiency in the banking service to which the industry is entitled to from Banks and Financial Institutions.

3. THE Respondents have further pointed out that the complaint is also barred by limitation inasmuch as the Bank had declined to provide credit to the Complainant as back as in May, 1987.

4. IT is evident from the facts cited above that there has been no deficiency in service on the part of the Bank. The complaint, therefore, fails and is dismissed. There is no order as to costs.