**(1992) 01 NCDRC CK 0041**

**In the National Consumer Disputes Redressal Commission**

KRISHNA CONDUCTORS PVT. LTD. APPELLANT

Vs

ANDHRA BANK RESPONDENT

**Date of Decision :** 10-01-1992

**Acts Referred:**

**Citation :** 1992 0 CPC 316 : 1992 1 CPJ 176 : 1992 1 CPR 434 : 1993 1 CLT 442

**Hon'ble Judges :** V.Balakrishna Eradi , A.S.Vijayakar , Y.Krishan , B.S.Yadav J.

**Advocate :** John Joseph , V.Ramakrishna , R.P.Vats

**Final Decision :** Dismissed

## Judgement

1. THE Complainant is a client of the Opposite Party, Andhra Bank, and availed of credit facilities such as Working Capital, OCC, KCC, Bank Guarantees, Discounting of Supply Bills and letter of Credit etc., besides term loan for running a small scale industry unit manufacturing AAC & ACSR conductors. THE complainant expanded his capacity in 1981 for the manufacture of conductors quantitatively and also by manufacturing of high capacity conductors. But he could not utilise the full capacity due to inadequate allotment of raw material called Aluminium Properzi Rods. He had to incur interest on the loans given by the Opposite Party Bank and this was one of the factors resulting in heavy loss. Again from 1985 onwards the complainant incurred heavy losses on account of under utilisation of capacity due to inadequate allotment of raw material, poor order book and increase in the overheads. In 1987 the Bank identified the Unit as sick. Its financial difficulties were further aggravated by the fact that it incurred a huge loss of Rs. 7 10 lacs due to exchange variation in the import of Aluminium and thus the complainant attributed the default on the part of the Opposite Party Bank. Thus the Complainant''s unit suffered because of poor order book, inadequate allotment of aluminium, delayed execution of orders, inadequate production, inadequate supply of high tension power, frequent interruptions and restructions in power supply.

2. IT is further stated that in the year 1987 the appellant Unit was damaged by flood, but the bank did not lend any helping hand in meeting the situation. The

 

Opposite Party Bank also failed to take the required insurance policy which would have covered the losses the appellant suffered in the cyclone of 1990. The further complaint of the complainant is that the Opposite Party Bank debited to his account certain charges such as C.G.C. (Credit Guarantee Commission) from 1.4.1985 to 30.4.1990. We have summarised the above salient allegations regarding inadequate credit and failure to provide timely credit by the Opposite Party Bank and it is not necessary to enumerate all the other grievances against the Opposite Party Bank. In fact, the appeal does not formulate clearly the appellants precise grievances against the Opposite Party. It has not been explained as to how the Bank could be held responsible for the loss of Rs. 10 lacs incurred by the appellant due to fluctuations in foreign exchange, for non-return of the Bank Guarantee or delay in issuing Bank Guarantee of Rs. 5,508/-. From the perusal of the complaint, however, it is clear that the sum and substance of his complaint is that the financial limits of credit were insufficient to enable the appellant to execute the Orders, that the Opposite Party Bank had failed to understand the credit needs of the unit and to render the necessary credit assistance to solve the problems faced by the complainant and that the opposite party bank failed to observe the instructions of the Government of India and the guidelines of the Reserve Bank of India on the matter of credit policy and credit assistance to small scale industries and has not nursed the unit after it became sick.

The complaint is a jumbled and in coherent mass of facts and the complainant has failed to establish precisely how and in what respect the opposite party bank failed to discharge its obligations to the complainant. One thing, however, is clear that the Government of India has laid down the credit policy and the Reserve Bank of India has also laid down guidelines and the norms for the Banks in the matter of credit facilities to industries in general and the small scale industries in particular. These are all in the nature of guidelines and it is left to the Banks to decide whether a particular case comes within the ambit of the guidelines of the Reserve Bank of India, whether a particular party is eligible for concessions recommended by the Reserve Bank of India as these are matters in the commercial judgment of the Banks and the Reserve Bank of India cannot interfere with their judgment. It is the Banks which have to take decisions as to the type and the volume of the credit facility to be extended, whether the security offered is adequate, whether a unit continues to be viable or has the potential for rehabilitation and therefore deserves credit assistance etc. from the Bank. This responsibility of the Bank in this matter has been dealt with at length in the Order of this Commission in M/s. Tropical Food & Pharmaceuticals Ltd. v. State Bank of Hyderabad & Ors. (Original Petition Nos. 35, 36, 37 & 38 of 1991), wherein it was remarked: "After this exposition of the nature of the guidelines issued by the Reserve Bank of India to the Commercial Banks in regard to grant of credit facilities and rehabilitation finance cannot be assailed on the ground of violation of the credit norms laid down by the Government of India and the guidelines prescribed by the Reserve Bank of India and that it cannot be maintained that there has been deficiency in service by the bank towards its clients who are of the view that timely and adequate credit has not been provided by the bank. There is no merit in the complaints. The petitions are, therefore, dismissed. The petitioners will pay a sum of Rs. 2,500/- each i.e., Rs. 10,000/- in all to the Opposite Party in all these petitions."

3. WE have nothing to add to what has been said therein. The Original Petition therefore, stands dismissed. The complainant would pay a sum of Rs. 3,000/- costs to the Opposite Party Bank. Original petition dismissed.

 