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(1993) 12 NCDRC CK 0033

NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION

Case No: None

NAVAGIRI FINANCE AND INVESTMENTS (P) LTD.	APPELLANT
Vs	
MANAGER, KARNATAKA BANK LTD.	RESPONDENT

Date of Decision: Dec. 16, 1993

Citation: 1994 2 CPC 288 : 1994 2 CPJ 259

Hon'ble Judges: D.R.Vithal Rao , K.R.Ramaswamy Iyengar J.

Final Decision: Complaint dismissed

Judgement

1. IN this complaint, the complainant has sought compensation for the loss and injury sustained by him due to the refusal of availment of overdraft facilities by the opposite party-Bank to the extent of sanctioned limits to the complainant

2. IT is the case of the complainant that the complainant was sanctioned an over draft facility of Rs. 3 lakhs by the opposite party-Bank on 6-4-1990 upto 30-4-1991 and later at the request of the complainant it was renewed for a further period up o 31-3-1992. While so renewing the said facility, the additional temporary limit of Rs. 2 lakhs was also sanctioned up to 30-6-1991. This additional limit was limited only up to 30-6-1991. The complainant had opened a C.D. Account with monthly contribution of Rs. 2,500/- to equalize to one percent of the total limits sanctioned.

The complainant further averred that while he was so operating the accounts, the Bank-Opposite Party, by its letter dated 4-7-1991, suddenly had frozen the over draft account, with a limit of Rs. 2 lakhs and also directed the complainant to operate the O.D. Account of Rs. 3 lakhs within the limits of Rs. 1 lakh only.

The complainant further averred that freezing the account by the opposite party-Bank was arbitrary and erroneous and it is in utter violation of the Banking Rules and norms.

3. THE complainant, on the basis of these averments, sought compensation from the opposite party-Bank in a sum of Rs. 8,63,000/-.

The opposite party-Bank filed its version and submitted that there was no deficiency of service on the part of the opposite party-Bank as over-draft account with a limit of Rs. 2 lakhs was purely temporary till 30-6-1991 and so immediately thereafter it was closed and as far as the overdraft account with a limit of Rs. 3 lakhs was sanctioned under certain terms and conditions and when the complainant failed to adhere to the said terms and conditions, he was directed to bring down the O.D. limit to Rs. 1 lakh as per the stipulations in the order of sanction of the said over draft facility.

4. THE opposite party, on the basis of these averments, sought the complaint to be dismissed.

During enquiry, the documents filed by the complainant were marked as Exs. C-1 to C-16 with the consent of the learned Counsel for the Opposite Party. The documents produced by the Opposite Party were marked with the consent of the learned Counsel for the complainant, as Exs. R-1 to R-21. Both the parties did neither lead evidence nor filed the affidavit of the parties. We heard the learned Counsel for the parties, perused the pleadings of the parties and perused the records.

As per the pleadings and submissions made by the learned Counsel for the parties, the points that arise for our consideration are as under : (1) Whether the services rendered by the Opposite Party-Bank were in any way deficient in nature? (2) If so, to what relief the complainant is entitled to?

5. REGARDING Point Nos. 1 and 2 : It is not disputed that the Opposite Party-Bank sanctioned over draft facility to the complainant in a sum of Rs. 3 lakhs on 6.4.1990. Initially, it was only upto 30.4.1991 and later, at the request of the complainant, the said facility was renewed for a further period up to 31.3.1992.

6. IT is also not disputed that an additional temporary limit of Rs. 2 lakhs was also sanctioned up to 30.6.1991.

The said additional temporary O.D. loan of Rs. 2 lakhs sanctioned, came to be freezed after 30.6.1991. The Opposite Party-Bank, issued a letter in this regard to the complainant on 4.7.1991, as per Ex. C-l.

The Opposite Party-Bank, as per Ex. C-4, wrote a letter to the complainant on 26.6.1991, asking the complainant to bring down O.D. limit of Rs. 3 lakhs to Rs. l lakh, as per stipulation in the sanction order on or before 30.6.1991. The said letter, reads as under :

"Referring to the above, we write to inform you that, you are requested to bring down your overdraft limit to Rs. 1,00,000/- as per the sanction stipulation, on or before 30.6.1991. Kindly do the needful at the earliest. Thanking you."

7. WHEN the complainant did not bring down the over draft limit to Rs. 1 lakh by 30.6.1991, the Opposite Party-Bank, on 4.7.1991, wrote a .letter, as per Ex. C-2, to the complainant freezing the said over draft account and requesting the complainant to operate the said account within the limits of Rs. 1 lakh only. The said letter, Ex. C-2, reads as under :

"In continuation of our above cited letter, we write to inform you that, you have not brought down your overdraft limit within one lakh as on 30.6.1991 as per the sanction order. Under the circumstances, we are compelled to freeze your over draft account, and request you to regularize the account, and operate the said account within the limit of Rs.1,00,000/- only. Further, you are requested to furnish the book debts as on 30.6.1991

and relative documents duly endorsing in our favour at the earliest. Thanking you."

This circumstance would go to show that the Opposite Party-Bank has acted in accordance with the stipulations contained in the overdraft limits sanctioned in favour of the complainant, to enforce the financial discipline in terms of the sanction order.

The National Commission, considering such an aspect of the matter in Essex Farms (P) Ltd. and Another v. Punjab National Bank and Another, reported in I (1992) CPJ 111 (NC), held as under :

"It is in the discretion of the Bank to determine whether credit has to be allowed to a party to the extent of sanctioned limits, keeping in view how the party is discharging his obligations towards the bank such as repayment of the credit and interest thereon, provision of adequate and acceptable security and the management of the scheme/project or the activity for which credit has been agreed to be provided by the Bank. Again the Bank has to satisfy itself that the assets which are offered as security are good and free from encumbrance, the title of the party in the goods or property is clear and that the valuation of the assets is just and fair. It is for the bank to determine whether the party"s credit worthiness and if so the extent to which it should be allowed credit and against what security. The refusal of the Bank to enhance the existing sanctioned limits of credit or even to continue to grant credit to the extent of the limits already sanctioned cannot and does not constitute a breach of the Bank"s obligations towards its debtors. It is primary duty of the Bank to ensure that the money of the depositors which it invests in the form of credit is safe."

8. THE National Commission held that the refusal of the bank to enhance the existing sanctioned limits of credit or even to continue to grant credit to the extent of the limits already sanctioned cannot and does not constitute a breach of the Bank"s obligations towards its debtors.

In the present case, as narrated above, the over draft account with a limit of Rs.2 lakhs was purely a temporary one till 30.6.1991. It came to be freezed on 4.7.1991.

As far as overdraft account with a limit of Rs.3 lakhs is concerned, the stipulations in the said sanction order was that the complainant was to bring down the over draft limit within Rs. l lakh by 30.6.1991, when he did not do so, the said account was freezed with a request to the complainant to regularize the account and operate the said account within a limit of Rs. 1 lakh only, as per Ex. C-2, referred above.

9. HAVING regard to these facts and in the circumstances of the case, we do not find any deficiency of service on the part of the -Bank.

10. IN view of the facts and in the circumstances of the case, as narrated above, we hold that there was no deficiency of service on the part of the Opposite Party-Bank and so points 1 and 2 are answered accordingly in favour of the Opposite Party-Bank. ORDER IN the result, therefore, this complaint fails and it is dismissed. The parties are directed to bear and pay their own costs. Complaint dismissed.