

A RAMAKRISHNA MISSION & ANR.

v.

KAGO KUNYA & ORS.

(Civil Appeal No. 2394 of 2019)

B FEBRUARY 28, 2019

[DR DHANANJAYA Y CHANDRACHUD AND
HEMANT GUPTA, JJ.]

C *Constitution of India: Arts. 12 and 226 – Whether appellant-*
institution is an authority and hence amenable to writ jurisdiction –
Respondent (employee of the hospital run by the appellant) filed
petition u/Art. 226 challenging communication by the appellant
regarding his superannuation – Preliminary objection as regards
maintainability of the petition as the appellant or the hospital were
not a State within meaning of Art. 12 – Single Judge of High Court
held that appellants were State within meaning of Art. 12 and decided
the case on merit – Division Bench of High Court held that the
appellants fell within category of ‘other authorities’ u/Arts. 12 and
226 and hence amenable to writ jurisdiction – On appeal, held:
The character of an organization as a ‘public authority’ is dependent
on the circumstances of the case – Before an organization can be
held to discharge a public function, the functions must be of a
character that is closely related to functions which are performed
by the State in its sovereign capacity – There is no governmental
control in the functioning, administration and day to day
management of the appellants – Therefore, the hospital does not
come within the ambit of a public authority – The conditions of
service of the employees of the hospital are governed by service
rules which are framed by the Mission without the intervention of
any governmental body – Thus, contracts of purely private nature
would not be subject to writ jurisdiction – Therefore, appellants
are not amenable to writ jurisdiction as an ‘Authority’.

G **Allowing the appeal, the Court**

HELD: 1. The hospital is a branch of the respondent (Ramakrishna Mission) and is subject to its control. The activities undertaken by the Mission are voluntary, charitable and non-

H

profit making in nature. These activities are not closely related to those performed by the State in its sovereign capacity nor do they partake of the nature of a public duty. [Para 19] [461-C-F] A

2. The Governing Body of the Mission is constituted by members of the Board of Trustees of Ramakrishna Math and is vested with the power and authority to manage the organization. The properties and funds of the Mission and its management vest in the Governing Body. Any person can become a member of the Mission if elected by the Governing Body. Members on roll form the quorum of the annual general meetings. The Managing Committee comprises of members appointed by the Governing Body for managing the affairs of the Mission. Under the Memorandum of Association and Rules and Regulations of the Mission, there is no governmental control in the functioning, administration and day to day management of the Mission. The conditions of service of the employees of the hospital are governed by service rules which are framed by the Mission without the intervention of any governmental body. [Para 20] [461-G-H; 462-A-B] B C D

3. Even if the body discharges a public function in a wider sense, there is no public law element involved in the enforcement of a private contract of service. In running the hospital, Ramakrishna Mission does not discharge a public function. Undoubtedly, the hospital is in receipt of some element of grant. The grants which are received by the hospital cover only a part of the expenditure. The terms of the grant do not indicate any form of governmental control in the management or day to day functioning of the hospital. The nature of the work which is rendered by Ramakrishna Mission, in general, including in relation to its activities concerning the hospital in question is purely voluntary. [Para 30] [467-C-F] E F

4. Before an organisation can be held to discharge a public function, the function must be of a character that is closely related to functions which are performed by the State in its sovereign capacity. There is nothing on record to indicate that the hospital performs functions which are akin to those solely performed by State authorities. Medical services are provided by private as well as State entities. The character of the G H

- A organisation as a public authority is dependent on the
circumstances of the case. In setting up the hospital, the
Mission cannot be construed as having assumed a public
function. The hospital has no monopoly status conferred or
mandated by law. That it was the first in the State to provide
service of a particular dispensation does not make it an
B ‘authority’ within the meaning of Article 226. State Governments
provide concessional terms to a variety of organisations in order
to attract them to set up establishments within the territorial
jurisdiction of the State. The State may encourage them as an
adjunct of its social policy or the imperatives of economic
C development. The mere fact that land had been provided on a
concessional basis to the hospital would not by itself result in the
conclusion that the hospital performs a public function. In the
present case, in absence of State control in the management of
the hospital the hospital does not come within the ambit of a
public authority. [Para 31] [467-F-H; 468-A-C]
D

5. Regulation by a statute does not constitute the hospital
as a body which is constituted under the statute. Individuals and
organisations are subject to statutory requirements in a whole
host of activities. That by itself cannot be conclusive of whether
such an individual or organisation discharges a public function.
E Thus, contracts of a purely private nature would not be subject
to writ jurisdiction merely by reason of the fact that they are
structured by statutory provisions. The only exception to this
principle arises in a situation where the contract of service is
governed or regulated by a statutory provision.
F [Paras 32, 33] [468-E-F; 469-C-D]

6. The Clinical Establishments (Registration and
Regulation) Act 2010 was enacted to provide for the regulation
and registration of clinical establishments with a view to prescribe
minimum standards of facilities and services. The Act, inter alia,
G stipulates conditions to be satisfied by clinical establishments
for registration. However, the Act does not govern contracts of
service entered into by the Hospital with respect to its
employees. These fall within the ambit of purely private contracts,
against which writ jurisdiction cannot lie. The sanctity of this
distinction must be preserved. [Paras 32, 34] [468-B; 469-E-F]
H

7. The Division Bench of the High Court was not justified in coming to the conclusion that the appellants are amenable to the writ jurisdiction under Article 226 of the Constitution as an authority within the meaning of the Article. Neither the Ramakrishna Mission, nor the hospital would constitute an authority within the meaning of Article 226 of the Constitution. [Paras 35, 36] [469-F-H]

Satyabrata Chakraborty v. State of Arunachal Pradesh 2005 (4) GLT 150; *Andi Mukta Sadguru Shree Muktajee Vandas Swami Suvarna Jayanti Mahotsav Smarak Trust v. V R Rudani* (1989) 2 SCC 691 : [1989] 2 SCR 697 ; *VST Industries Ltd v. VST Industries Workers' Union* (2001) 1 SCC 298 : [2000] 5 Suppl. SCR 438 ; *G Bassi Reddy v International Crops Research Institute* (2003) 4 SCC 225 : [2003] 1 SCR 1174 ; *Ramesh Ahluwalia v. State of Punjab* (2012) 12 SCC 331 : [2012] 12 SCR 315 ; *Federal Bank Ltd. v Sagar Thomas* (2013) 10 SCC 733 : [2003] 4 Suppl. SCR 121– relied on.

Federal Bank Ltd. v Sagar Thomas (2013) 10 SCC 733: [2003] 4 Suppl. SCR 121 ; *Binny Ltd. v V Sadasivan* (2005) 6 SCC 657 : [2005] 2 Suppl. SCR 421 ; *K K Saksena v International Commission on Irrigation and Drainage* (2015) 4 SCC 670 ; *Ajay Hasia v Khalid Mujib Sehravardi* (1981) 1 SCC 722 : [1981] 2 SCR 79; *Pradeep Kumar Biswas v. Indian Institute of Chemical Biology* (2002) 5 SCC 111 : [2002] 3 SCR 100; *Jatya Pal Singh v. Union of India* (2013) 6 SCC 452 : [2013] 2 SCR 970 – referred to.

Case Law Reference

2005 (4) GLT 150	relied on	Para 13
[1989] 2 SCR 697	relied on	Para 13
[2000] 5 Suppl. SCR 438	relied on	Para 24
[2003] 1 SCR 1174	relied on	Para 25
[2012] 12 SCR 315	relied on	Para 26

H

A	[2003] 4 Suppl. SCR 121	relied on	Para 27
	[2005] 2 Suppl. SCR 421	referred to	Para 28
	(2015) 4 SCC 670	referred to	Para 29
	[1981] 2 SCR 79	referred to	Para 38
B	[2002] 3 SCR 100	referred to	Para 38
	[2013] 2 SCR 970	referred to	Para 38

CIVIL APPELLATE JURISDICTION: Civil Appeal No.2394 of
C 2019.

From the Impugned Interim Order dated 06.04.2018 of the Gauhati High Court, Itanagar Bench in W.A. No.25(AP)/2017

Abhishek Manu Singhvi, K.V. Viswanathan, Sr. Advs., Arijit Mazumdar, Amit Bhandari, Arunabha Deb, Shambo Nandy, Abhinav Mukerji, Deepan Kumar Sarkar, Advs. for the Appellants.
D

A. Tewari, Ms. Eliza Bar, Shree Pal Singh, Ms. Priyanka Das, Vibhu Shankar Mishra, Ms. Ragni Pandey, Raj Bahadur, Mrs. Anil Katiyar, Advs. for the Respondents.

E The Judgment of the Court was delivered by

DR DHANANJAYA Y CHANDRACHUD, J.

1. Leave granted.

2 . This appeal has arisen from the judgment of a Division Bench of the Gauhati High Court in a Writ Appeal against a judgment of a learned Single Judge. The learned Single Judge, by a judgment dated 7 September 2016, held that Ramakrishna Mission is ‘State’ within the meaning of Article 12 of the Constitution of India. In appeal, the Division Bench held that while Ramakrishna Mission may not be ‘State’ within the meaning of Article 12 in the strict sense of the term, nonetheless its hospital at Itanagar performs a public duty and in consequence would be amenable to the writ jurisdiction under Article 226 of the Constitution on a liberal interpretation of the expression ‘authority’ in that Article.
F
G

3. The first respondent joined the Ramakrishna Mission Hospital at Itanagar on 15 March 1980 as a General Duty Worker. He was
H

regularised with effect from 1 August 1980 by a letter dated 23 July 1980. On 31 March 1982, the first respondent was promoted to the substantive post of Nursing Aid. He was made permanent on 13 April 1984. Subsequently on 31 December 2005, he was promoted as an Office Assistant with effect from 1 October 2005.

A

4. The conditions of service of the employees of the hospital are governed by the Service Rules. Among them is Rule 18 which provides for superannuation in the following terms:

B

“18. SUPERANNUATION (RETIREMENT):

(i) A permanent employee/staff shall normally retire from the services of the Hospital after 35 years of service or an attaining the age of 60 (sixty) years. Provided further, the Management in the service of the Hospital may extend the service of an employee/staff even after 35 years of service or he attains the age of 60 (sixty) years, whichever is earlier, subject to his medical fitness, in slots of 1 (one) years at a time.

C

D

(ii) However, an employee/staff may be retired earlier if in the event of suffering from physical or mental incapacity in the discharge of his duties provided the physical or mental incapacity of the employee/staff is established by a Medical Board duly constituted by the Management.”

E

On 31 January 2015, the hospital informed the first respondent that he would be retiring from service on 24 March 2015 in accordance with the Service Rules, consequent upon the completion of thirty-five years of service.

5. The first respondent instituted a writ petition under Article 226 of the Constitution before the Gauhati High Court to challenge the above communication and sought a writ of mandamus to allow him to continue in service until he completes thirty-five years of service, counting the appointment from 31 March 1982 when he was substantively appointed as a Nursing Aid.

F

G

6. The appellants raised a preliminary objection to the maintainability of the petition on the ground that neither Ramakrishna Mission nor its hospital is ‘State’ within the meaning of Article 12 and they are not amenable, in any event, to the writ jurisdiction under Article 226 of the Constitution of India.

H

A 7. The learned Single Judge allowed the Writ Petition. While rejecting the objections of the appellants to the maintainability of the writ petition, the learned Single Judge held that the appellants fall within the description of 'State' within the meaning of Article 12. A direction was issued, on merits, to the hospital to treat the date of appointment of the first respondent as 31 March 1982 and not 15 March 1980.

B 8. In consequence, the first respondent was effectively granted an extension of service for two years beyond the date of superannuation as computed on the basis of the initial date of joining service. The first respondent has been paid his terminal dues on the basis of the date of retirement as computed by the hospital.

C 9. The Writ Appeal by the appellants failed before a Division Bench of the High Court. The Division Bench, while dismissing the appeal, principally relied upon two circumstances:

D (i) The hospital was availing of funds for a part of its expenditure and was running a sixty bedded hospital which constitutes a public duty; and

E (ii) There was a decision of a Single Judge of the High Court in **Satyabrata Chakraborty v State of Arunachal Pradesh**¹, holding that Ramakrishna Mission fell with the category of 'other authorities' under Articles 12 and 226 of the Constitution. The High Court held that this decision of the learned Single Judge which had held the field for thirteen years should not be disturbed. It was further held that the appellant is running a very large hospital in the State and utilised public funds for a part of its operation and would be amenable to writ jurisdiction. While answering the preliminary issues against the appellants, the High Court directed that the appeal be placed for hearing subsequently.

F 10. While entertaining the present proceedings, this Court by its order dated 19 November 2018 issued notice and granted a stay of the judgment and order of the High Court dated 6 April 2018. In pursuance of the order issuing notice, a counter affidavit has been filed on behalf of the Union of India through the Ministry of Tribal Affairs as well as by the Government of Arunachal Pradesh.

¹2005 (4) GLT 150

11. The State government, in support of the view which has been taken by the High Court, has submitted that: A

(i) The land over which Ramakrishna Mission Hospital was constructed was allotted to the appellants on 12 July 1984 on a concessional rate;

(ii) Subsequently on 4 May 2005, additional land admeasuring 4.66 acres was also allotted on a concessional rate; and B

(iii) The hospital receives grants from the State government.

12. The counter affidavit filed by the Union of India does not require to be dealt with, since the Ministry of Tribal Affairs is not concerned with the subject matter of the present appeal. C

13. On behalf of the appellants, it has been submitted by Dr Abhishek Manu Singhvi, and Mr K V Viswanathan, learned senior counsel that the High Court in the present case has placed reliance on the decision of this Court in **Andi Mukta Sadguru Shree Muktajee Vandas Swami Suvarna Jayanti Mahotsav Smarak Trust v V R Rudani**², without noticing the clear distinction in that case both on facts and law. It was urged that the aforesaid judgment dealt with a case of a public trust which was managing a college affiliated to a University. The dispute in regard to the closure of the college and the consequent non-payment of salaries squarely fell within the purview of the regulatory provisions contained in the Ordinances of the University. That apart, it has been submitted that: D E

(i) No public duty is performed by the first respondent;

(ii) Ramakrishna Mission has established and manages the hospital purely as a voluntary service to society; F

(iii) The conditions of service of the employees of the hospital are not governed either by statute or by subordinate legislation and hence, there is no public law element involved in enforcing a purely private contract of service; and G

(iv) As a result of the impugned judgment of the High Court, the entire range of activities of Ramakrishna Mission will fall within the description of an 'authority' within the meaning of Article 226.

²(1989) 2 SCC 691

- A On these grounds, it was sought to be urged that the judgment of the High Court is contrary to a line of precedent of this Court, to which we will advert a little later. That apart, learned senior counsel submitted that each of the circumstances which weighed with the High Court in coming to the conclusion that the appellants are amenable to the exercise of the writ jurisdiction under Article 226 is contrary to the settled position in law.
- B

14. On the other hand, Mr A Tewari, learned counsel appearing on behalf of the State of Arunachal Pradesh has placed reliance on the statement of facts contained in the counter affidavit, as noticed earlier. Learned counsel submitted that the Ramakrishna Mission Hospital is the only hospital in the State of Arunachal Pradesh and hence, by virtue of its monopoly status, must be held to be amenable to the writ jurisdiction under Article 226. That apart, it was urged that the hospital receives grants in aid from the State government. The function of conducting a hospital in the State of Arunachal Pradesh, it was urged, must be held to be a public function rendering the appellants amenable to the jurisdiction of the High Court under Article 226.
- C
- D

15. The rival submissions fall for consideration.

16. Ramakrishna Mission runs a 263 bedded hospital at Itanagar. The grant in aid which is provided by the State government covers the cost of running 60 beds out of 263 bedded hospital. Relevant factual data in regard to the nature and extent of the grants has been placed on record. About 32.26 per cent of the total income of the hospital for 2014-2015, 23.33 for 2015-16 and 22.53 per cent for 2016-17 was from the grants provided by the State government. The revenue expenditure, the audited balance sheets and accounts of the hospital indicate that 35.23 per cent of the expenditure for 2014-2015, 23.83 per cent for 2015-2016 and 20.57 per cent for 2016-2017 was borne from the finances provided by the State government.
- E
- F

17. In assessing whether the appellants are amenable to the writ jurisdiction under Article 226, we proceed on the basis of the following circumstances which have been pressed in aid both on behalf of the original petitioner before the High Court and, in response to the present appeal, by the State government:
- G

- (i) A portion of the income of the hospital is generated out of the grants which are received from the State; and
- H

- (ii) Land has been made available for the construction of the hospital by the State government on a concessional rate. A

The grant by the State government covers only a portion, namely, 60 beds out of the 263-beds of the hospital at Itanagar. Significantly, the State government does not control the day to day functioning of the hospital. The management of the hospital is exclusively with the Ramakrishna Mission. Since the State government finances through its grants a portion of the income of the hospital, it requires the audited accounts to be submitted to the State government for scrutiny. B

18. The basic issue before this Court is whether the functions performed by the hospital are public functions, on the basis of which a writ of mandamus can lie under Article 226 of the Constitution. C

19. The hospital is a branch of the Ramakrishna Mission and is subject to its control. The Mission was established by Swami Vivekanand, the foremost disciple of Sri Ramakrishna Paramhansa. Service to humanity is for the organisation co-equal with service to God as is reflected in the motto "*Atmano Mokshartham Jagad Hitaya Cha*". The main object of the Ramakrishna Mission is to impart knowledge in and promote the study of Vedanta and its principles propounded by Sri Ramakrishna Paramahansa and practically illustrated by his own life and of comparative theology in its widest form. Its objects include, inter alia to establish, maintain, carry on and assist schools, colleges, universities, research institutions, libraries, hospitals and take up development and general welfare activities for the benefit of the underprivileged/ backward/ tribal people of society without any discrimination. These activities are voluntary, charitable and non-profit making in nature. The activities undertaken by the Mission, a non-profit entity are not closely related to those performed by the state in its sovereign capacity nor do they partake of the nature of a public duty. D E F

20. The Governing Body of the Mission is constituted by members of the Board of Trustees of Ramakrishna Math and is vested with the power and authority to manage the organization. The properties and funds of the Mission and its management vest in the Governing Body. Any person can become a member of the Mission if elected by the Governing Body. Members on roll form the quorum of the annual general meetings. The Managing Committee comprises of members appointed by the Governing Body for managing the affairs of the G

H

A Mission. Under the Memorandum of Association and Rules and Regulations of the Mission, there is no governmental control in the functioning, administration and day to day management of the Mission. The conditions of service of the employees of the hospital are governed by service rules which are framed by the Mission without the intervention of any governmental body.

B

21. In coming to the conclusion that the appellants fell within the description of an authority under Article 226, the High Court placed a considerable degree of reliance on the judgment of a two judge Bench of this Court in **Andi Mukta** (supra). **Andi Mukta** (supra) was a case where a public trust was running a college which was affiliated to Gujarat University, a body governed by State legislation. The teachers of the University and all its affiliated colleges were governed, insofar as their pay scales were concerned, by the recommendations of the University Grants Commission. A dispute over pay scales raised by the association representing the teachers of the University had been the subject matter of an award of the Chancellor, which was accepted by the government as well as by the University. The management of the college, in question, decided to close it down without prior approval. A writ petition was instituted before the High Court for the enforcement of the right of the teachers to receive their salaries and terminal benefits in accordance with the governing provisions. In that context, this Court dealt with the issue as to whether the management of the college was amenable to the writ jurisdiction. A number of circumstances weighed in the ultimate decision of this Court, including the following:

E

(i) The trust was managing an affiliated college;

F

(ii) The college was in receipt of government aid;

(iii) The aid of the government played a major role in the control, management and work of the educational institution;

G

(iv) Aided institutions, in a similar manner as government institutions, discharge a public function of imparting education to students;

(v) All aided institutions are governed by the rules and regulations of the affiliating University;

(vi) Their activities are closely supervised by the University; and

H

(vii) Employment in such institutions is hence, not devoid of a public character and is governed by the decisions taken by the University which are binding on the management. A

22. It was in the above circumstances that this Court came to the conclusion that the service conditions of the academic staff do not partake of a private character, but are governed by a right-duty relationship between the staff and the management. A breach of the duty, it was held, would be amenable to the remedy of a writ of mandamus. While the Court recognized that “the fast expanding maze of bodies affecting rights of people cannot be put into watertight compartments”, it laid down two exceptions where the remedy of mandamus would not be available: B C

“15. If the rights are purely of a private character no mandamus can issue. If the management of the college is purely a private body with no public duty mandamus will not lie. These are two exceptions to mandamus...” D

23. Following the decision in **Andi Mukta**(supra), this Court has had the occasion to re-visit the underlying principles in successive decisions. This has led to the evolution of principles to determine what constitutes a ‘public duty’ and ‘public function’ and whether the writ of mandamus would be available to an individual who seeks to enforce her right. E

24. In **VST Industries Ltd v VST Industries Workers’ Union**³, a two judge Bench of this Court held that a mere violation of the conditions of service will not provide a valid basis for the exercise of the writ jurisdiction under Article 226, in a situation where the activity does not have the features of a public duty. This Court noted: F

“7. In *de Smith, Woolf and Jowell’s Judicial Review of Administrative Action*, 5th Edn., it is noticed that not all the activities of the private bodies are subject to private law e.g. the activities by private bodies may be governed by the standards of public law when its decisions are subject to duties conferred by statute or when, by virtue of the function it is performing or possibly its dominant position in the market, it is under an implied duty to act in the public interest... After detailed discussion, the learned authors have summarised the position with the following propositions: G

³(2001) 1 SCC 298

A (1) The test of whether a body is performing a public function, and is hence amenable to judicial review, may not depend upon the source of its power or whether the body is ostensibly a ‘public’ or a ‘private’ body.

B (2) The principles of judicial review *prima facie* govern the activities of bodies performing public functions.”

“(3) ...In the following two situations judicial review will not normally be appropriate even though the body may be performing a public function:

C (a) Where some other branch of the law more appropriately governs the dispute between the parties. In such a case, that branch of the law and its remedies should and normally will be applied; and

D (b) where there is a contract between the litigants. In such a case the express or implied terms of the agreement should normally govern the matter. This reflects the normal approach of English law, namely, that the terms of a contract will normally govern the transaction, or other relationship between the parties, rather than the general law. Thus, where a special method of resolving disputes (such as arbitration or resolution by private or domestic tribunals) has been agreed upon by the parties (expressly or by necessary implication), that regime, and not judicial review, will normally govern the dispute.”(Emphasis supplied)

F 25. In **G Bassi Reddy v International Crops Research Institute**⁴, a two judge Bench of this Court dealt with whether the International Crop Research Institute for the Semi-Arid Tropics (“ICRISAT”) which is a non-profit research and training centre, is amenable to the writ jurisdiction under Article 226. The dispute concerned the termination of employees of ICRISAT. The Court held that only functions which are similar or closely related to those that are performed by the State in its sovereign capacity qualify as ‘public functions’ or a ‘public duty’:

“28. A writ under Article 226 can lie against a “person” if it is a statutory body or performs a public function or discharges a public

H ⁴(2003) 4 SCC 225

or statutory duty...ICRISAT has not been set up by a statute nor are its activities statutorily controlled. Although, it is not easy to define what a public function or public duty is, it can reasonably be said that such functions are similar to or closely related to those performable by the State in its sovereign capacity. The primary activity of ICRISAT is to conduct research and training programmes in the sphere of agriculture purely on a voluntary basis. A service voluntarily undertaken cannot be said to be a public duty. Besides ICRISAT has a role which extends beyond the territorial boundaries of India and its activities are designed to benefit people from all over the world. While the Indian public may be the beneficiary of the activities of the Institute, it certainly cannot be said that ICRISAT owes a duty to the Indian public to provide research and training facilities.”

Applying the above test, this Court upheld the decision of the High Court that the writ petition against ICRISAT was not maintainable.

26. A similar view was taken in **Ramesh Ahluwalia v State of Punjab**⁵, where a two judge Bench of this Court held that a private body can be held to be amenable to the jurisdiction of the High Court under Article 226 when it performs public functions which are normally expected to be performed by the State or its authorities.

27. In **Federal Bank Ltd. v Sagar Thomas**,⁶ this Court analysed the earlier judgements of this Court and provided a classification of entities against whom a writ petition may be maintainable:

“18. From the decisions referred to above, the position that emerges is that a writ petition under Article 226 of the Constitution of India may be maintainable against (i) the State (Government); (ii) an authority; (iii) a statutory body; (iv) an instrumentality or agency of the State; (v) **a company which is financed and owned by the State; (vi) a private body run substantially on State funding; (vii) a private body discharging public duty or positive obligation of public nature; and (viii) a person or a body under liability to discharge any function under any statute, to compel it to perform such a statutory function.**”

(emphasis supplied)

⁵ (2012) 12 SCC 331

⁶ (2013) 10 SCC 733

A 28. In **Binny Ltd. v V Sadasivan**⁷, a two judge Bench of this Court noted the distinction between public and private functions. It held thus:

B “11...It is difficult to draw a line between public functions and private functions when they are being discharged by a purely private authority. A body is performing a “public function” when it seeks to achieve some collective benefit for the public or a section of the public and is accepted by the public or that section of the public as having authority to do so. Bodies therefore exercise public functions when they intervene or participate in social or economic affairs in the public interest.”

C The Bench elucidated on the scope of mandamus:

D “29. However, the scope of mandamus is limited to enforcement of public duty. **The scope of mandamus is determined by the nature of the duty to be enforced, rather than the identity of the authority against whom it is sought. If the private body is discharging a public function and the denial of any right is in connection with the public duty imposed on such body, the public law remedy can be enforced.** The duty cast on the public body may be either statutory or otherwise and the source of such power is immaterial, but, nevertheless, there must be the public law element in such action...**There cannot be any general definition of public authority or public action. The facts of each case decide the point.**”

(emphasis supplied)

F 29. More recently in **KK Saksena v International Commission on Irrigation and Drainage**⁸, another two judge Bench of this Court held that a writ would not lie to enforce purely private law rights. Consequently, even if a body is performing a public duty and is amenable to the exercise of writ jurisdiction, all its decisions would not be subject to judicial review. The Court held thus:

G “43. What follows from a minute and careful reading of the aforesaid judgments of this Court is that if a person or authority is “State” within the meaning of Article 12 of the Constitution, admittedly a writ petition under Article 226 would lie against such

⁷(2005) 6 SCC 657

H ⁸ (2015) 4 SCC 670

a person or body. However, we may add that even in such cases writ would not lie to enforce private law rights. There are a catena of judgments on this aspect and it is not necessary to refer to those judgments as that is the basic principle of judicial review of an action under the administrative law. The reason is obvious. A private law is that part of a legal system which is a part of common law that involves relationships between individuals, such as law of contract or torts. Therefore, even if writ petition would be maintainable against an authority, which is “State” under Article 12 of the Constitution, before issuing any writ, particularly writ of mandamus, the Court has to satisfy that action of such an authority, which is challenged, is in the domain of public law as distinguished from private law.”

Thus, even if the body discharges a public function in a wider sense, there is no public law element involved in the enforcement of a private contract of service.

30. Having analysed the circumstances which were relied upon by the State of Arunachal Pradesh, we are of the view that in running the hospital, Ramakrishna Mission does not discharge a public function. Undoubtedly, the hospital is in receipt of some element of grant. The grants which are received by the hospital cover only a part of the expenditure. The terms of the grant do not indicate any form of governmental control in the management or day to day functioning of the hospital. The nature of the work which is rendered by Ramakrishna Mission, in general, including in relation to its activities concerning the hospital in question is purely voluntary.

31. Before an organisation can be held to discharge a public function, the function must be of a character that is closely related to functions which are performed by the State in its sovereign capacity. There is nothing on record to indicate that the hospital performs functions which are akin to those solely performed by State authorities. Medical services are provided by private as well as State entities. The character of the organisation as a public authority is dependent on the circumstances of the case. In setting up the hospital, the Mission cannot be construed as having assumed a public function. The hospital has no monopoly status conferred or mandated by law. That it was the first in

- A the State to provide service of a particular dispensation does not make it an ‘authority’ within the meaning of Article 226. State governments provide concessional terms to a variety of organisations in order to attract them to set up establishments within the territorial jurisdiction of the State. The State may encourage them as an adjunct of its social policy or the imperatives of economic development. The mere fact that
- B land had been provided on a concessional basis to the hospital would not by itself result in the conclusion that the hospital performs a public function. In the present case, the absence of state control in the management of the hospital has a significant bearing on our coming to the conclusion that the hospital does not come within the ambit of a
- C public authority.

32. It has been submitted before us that the hospital is subject to regulation by the Clinical Establishments (Registration and Regulation) Act 2010. Does the regulation of hospitals and nursing homes by law render the hospital a statutory body? Private individuals and organizations
- D are subject to diverse obligations under the law. The law is a ubiquitous phenomenon. From the registration of birth to the reporting of death, law imposes obligations on diverse aspects of individual lives. From incorporation to dissolution, business has to act in compliance with law. But that does not make every entity or activity an authority under Article 226. Regulation by a statute does not constitute the hospital as a body
- E which is constituted under the statute. Individuals and organisations are subject to statutory requirements in a whole host of activities today. That by itself cannot be conclusive of whether such an individual or organisation discharges a public function. In **Federal Bank** (supra), while deciding whether a private bank that is regulated by the Banking
- F Regulation Act, 1949 discharges any public function, the court held thus:

- “33. ...in our view, a private company carrying on banking business as a scheduled bank, cannot be termed as an institution or a company carrying on any statutory or public duty. A private body or a person may be amenable to writ jurisdiction only where it
- G may become necessary to compel such body or association to enforce any statutory obligations or such obligations of public nature casting positive obligation upon it. We don’t find such conditions are fulfilled in respect of a private company carrying on a commercial activity of banking. **Merely regulatory provisions**

H

to ensure such activity carried on by private bodies work within a discipline, do not confer any such status upon the company nor put any such obligation upon it which may be enforced through issue of a writ under Article 226 of the Constitution. Present is a case of disciplinary action being taken against its employee by the appellant Bank. The respondent's service with the Bank stands terminated. The action of the Bank was challenged by the respondent by filing a writ petition under Article 226 of the Constitution of India. The respondent is not trying to enforce any statutory duty on the part of the Bank...”

(emphasis supplied)

33. Thus, contracts of a purely private nature would not be subject to writ jurisdiction merely by reason of the fact that they are structured by statutory provisions. The only exception to this principle arises in a situation where the contract of service is governed or regulated by a statutory provision. Hence, for instance, in **K K Saksena** (supra) this Court held that when an employee is a workman governed by the Industrial Disputes Act, 1947, it constitutes an exception to the general principle that a contract of personal service is not capable of being specifically enforced or performed.

34. It is of relevance to note that the Act was enacted to provide for the regulation and registration of clinical establishments with a view to prescribe minimum standards of facilities and services. The Act, inter alia, stipulates conditions to be satisfied by clinical establishments for registration. However, the Act does not govern contracts of service entered into by the Hospital with respect to its employees. These fall within the ambit of purely private contracts, against which writ jurisdiction cannot lie. The sanctity of this distinction must be preserved.

35. For the above reasons, we are of the view that the Division Bench of the High Court was not justified in coming to the conclusion that the appellants are amenable to the writ jurisdiction under Article 226 of the Constitution as an authority within the meaning of the Article.

36. For the reasons that we have adduced above, we hold that neither the Ramakrishna Mission, nor the hospital would constitute an authority within the meaning of Article 226 of the Constitution.

H

A 37. Before concluding, it would be necessary to also advert to the fact that while the learned Single Judge had come to the conclusion that the appellants are 'State' within the meaning of Article 12, the Division Bench has not accepted that finding. The Division Bench ruled, as we have noticed earlier, that the appellants do not fall within the description of 'State' under Article 12. This finding has not been challenged before this Court by the State of Arunachal Pradesh.

B 38. Even otherwise, we are clearly of the view that the tests which have been propounded in the line of authority of this Court in **Ajay Hasia v Khalid Mujib Sehravardi**⁹, **Pradeep Kumar Biswas v Indian Institute of Chemical Biology**¹⁰ and **Jatya Pal Singh v Union of India**¹¹ support the conclusion of the High Court that the appellants are not 'State' within the meaning of Article 12 of the Constitution of India.

C 39. For the above reasons, we allow the appeal and set aside the judgment and order of the High Court dated 6 April 2018 in Writ Appeal No 25 (AP/2017). In consequence, the writ petition filed before the High Court namely W.P. (Civil) No 520 (AP/2015) shall stand dismissed. There shall be no order as to costs.

D 40. Pending application(s), if any, shall stand disposed of.

E

Kalpana K. Tripathy

Appeal allowed.

⁹(1981) 1 SCC 722

¹⁰(2002) 5 SCC 111

¹¹(2013) 6 SCC 452