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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 04.03.2026

CORAM:

THE HONOURABLE DR. JUSTICE **G.JAYACHANDRAN**
and
THE HONOURABLE MR. JUSTICE **SHAMIM AHMED**

W.P.No.21462 of 2021
and
W.M.P.No.22698 of 2021

The Project Director/ Member Secretary
Tamil Nadu State AIDS Control Society,
417, Pantheon Road, Egmore,
Chennai - 600008. .. Petitioner

Vs.

1.The State Human Rights Commission, Tamil Nadu,
No. 143, P. S. Kumarasamy Raja Salai, (Greenways Road),
Chennai - 600 028.

2.Dr. Lucas Babu
Director and Staff,
Rural Integrated Development Organization,
2/184, Valluvar Nagar, Oddapatti,
Dharmapuri - 636 705. .. Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, praying to issue a Writ of Certiorari, calling for the records on the file of the 1st respondent herein in State Human Rights Commission Case No. 338 of 2019 dated 04.05.2021 and quash the same.

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For Petitioner : Ms.C.N.G.Niraimathi

For Respondents : No appearance

ORDER

[Order of the Court was made by Dr.G.JAYACHANDRAN., J.]

The writ petitioner herein is a wing of the Health department in Tamil Nadu functioning under the control of the Health and Family Welfare Department. The object of the writ petitioner is to sensitize the public about AIDS and its prevention and control; and further, to provide counselling to patients affected by AIDS. For the said purpose, the writ petitioner engaged the 2nd respondent herein, an NGO, and had entered into an agreement with it. Funds were allotted to the 2nd respondent NGO to carry out the object of the writ petitioner as per the guidelines under the terms and conditions of the contract.

2. The agreement entered into in the year 2007 was later extended on 01.04.2018. Subsequently, allegations arose regarding the misuse of funds by the NGO. In view of such allegations, the writ petitioner stopped providing funds to the NGO.

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3. Aggrieved by the stoppage of funds, the 2nd respondent approached the State Human Rights Commission alleging that the writ petitioner had not released funds from 2015 to 2018 and had deliberately withheld payments towards staff salaries, travelling allowances, office rent and electricity charges. As a result, the NGO suffered severe financial constraints.

4. Before the State Human Rights Commission, the writ petitioner has pleaded that the matter is purely contractual and obligatory in nature between the writ petitioner and the NGO. He further submitted that in view of serious violations and misuse of the funds allotted, the action of stoppage of funds was taken against the NGO by the writ petitioner. The writ petitioner also contended that, if at all the NGO aggrieved in any manner by such action, it ought to have resorted before the dispute redressal mechanism as agreed by the parties under Clause15 of the agreement.

5. However, the State Human Rights Commission has overruled the said objection and has passed the following recommendations:

" a) The Principal Secretary to Government, Health and Family Welfare Department, Secretariat, Chennai shall pay a

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compensation of Rs.1,00,000/- (Rupees One Lakh Only) to the complainant Dr.Lucas Babu, Director, Rural Integrated Development Organization (RIDO), No.2/184, Valluvar Nagar, Oddapatti Post, Dharmapuri-636705, within 8 weeks for the violation of the Right to life, dignity and mental agony due to delayed payment from the TANSACS.

b) After making such payment, the Health and Family Welfare Department, Government of Tamil Nadu may recover a sum of Rs.1,00,000/- (Rupees One Lakh Only) from the TANSACS.

c) The Principal Secretary to Government, Health and Family Welfare Department, Secretariat, Chennai shall direct the Project Director, TANSACS to arrive at the amount due to the petitioner, if any, by Arbitration and to settle the same within three months."

Being aggrieved by the above said recommendation, the present writ petition has been filed under Section 18(b) of the Protection of Human Rights Act.

6. The learned counsel for the writ petitioner drew the attention of this Court to the terms of the agreement and submitted that as per the Clause 2.1, "Service" means those activities relating to targets and interventions

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within the scope of care, support and treatment to be performed by the Grantee (NGO) for the implementation of the services, based on which the grant-in-aid funds shall be released in installments. The learned counsel further referred to Clause 5.3 of the agreement, which deals with financial limits. The said Clause provides that if the Grantor (Writ Petitioner) becomes aware of any misuse of funds by the Grantee (NGO), its employees or its agents, the Grantor reserves the right to stop all future disbursement and shall also initiate appropriate action to recover all amounts already disbursed to the Grantee under the agreement.

7. In this case, according to the writ petitioner, since instances of misuse of funds by the NGO came to the notice, action was initiated invoking Clause 5.3 of the agreement. The learned counsel for the writ petitioner contended that, instead of raising the dispute before the Grievance Redressal Cell [GRC] as contemplated under Clause 5.3 and if there is failure of consensus, proceeding for arbitration as per Clause 15.3 of the agreement, the NGO had directly approached the State Human Rights Commission, which has no subject jurisdiction. Since it is purely contractual obligation and civil dispute, the State Human Rights Commission ought to

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have declined to entertain the petition.

8. On perusing the terms of the contract, we find that the complainant before the State Human Rights Commission, who is the 2nd respondent herein, is a service provider. Though it is a Non-Governmental Organization claiming to run without any profit motive, it had entered into an agreement with the writ petitioner on specific terms and conditions. Under Clause 5.3 of the agreement, the writ petitioner has a right to initiate action for misuse of funds. Any grievance regarding the said action ought to have been settled through the mechanism agreed by the parties under Clause 15 of the agreement. To be more precise, the NGO ought to have approached the GRC in the first instance and in case of any failure, it should have proceeded for appointing an Arbitrator to get redressal. In this regard, the provision under Clause 15.2 and 15.3, which are extracted below, are self-explanatory:

> *"15.2 Should the parties be unable to settle disputes through mutual consultations as mentioned in Clause 15.1 or within a period of 15 days from the time the matter is referred by one party to the other, the Grievance Redressal Cell (GRC) comprising a retired High Court Judge (as Chairperson), the*

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Project Director of GRANTOR, the Finance Officer and / or the Joint Director (NGO Co-ordination) from the GRANTOR and the GRANTEE's representative elected to represent the GRANTEE in the Executive Committee of the GRANTOR shall discuss the matter in dispute with both the parties in the next monthly meeting of the GRC and take a decision on the same. The decision of the GRC will be binding on both parties.

15.3 Should either party have cause to disagree with the decision of the GRC, the matter in dispute shall be referred to a panel of 3 Arbitrators of which one Arbitrator shall be nominated by the GRANTEE, one by the GRANTOR and the third Arbitrator shall be chosen by the two Arbitrators and will act as the presiding arbitrator of the tribunal. The decision of the Arbitrators will be on the basis of a simple majority (i.e. at least 2 of the 3 Arbitrators should be in favour of any decision). The decision of the panel of Arbitrators shall be final and binding on both the parties. The Arbitration proceedings shall be conducted in accordance with the provisions of the Arbitration and Conciliation Act, 1996."

9. We find that the State Human Rights Commission ought not to have entertained the complaint in view of the terms of the agreement as the facts purely centers around the enforcement of the contractual obligations between the parties. Despite the clear terms of the agreement, the State Human Rights Commission exceeded its powers by conducting enquiry and

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had issued recommendations extracted above, which is totally beyond the jurisdiction of State Human Rights Commission. Hence, the said recommendations are liable to be quashed.

10. Accordingly, the order of the State Human Rights Commission dated 04.05.2021 is set aside and this Writ Petition is allowed. No costs.

[Dr.G.J., J.] & [S.S.A., J.]
04.03.2026

Index : Yes/No
Neutral Citation: Yest/No
Speaking or Non-speaking order
rpl

To

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No. 143, P. S. Kumarasamy Raja Salai, (Greenways Road),
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Dr.G.JAYACHANDRAN., J.
and
SHAMIM AHMED., J.

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W.P.No.21462 of 2021
and
W.M.P.No.13123 of 2018

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