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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of decision: 11th September, 2025

+ RFA(COMM) 520/2025 & CM APPL. 55184/2025, CM APPL.
55186/2025

M/S R.K. GOEL ABHEY KUMAR JAINAPPELLANT

Through: Mr. A.K. Trivedi, Mr. Avinash
Trivedi, Ms. Ritika Trivedi,
Mr. Rahul Aggarwal, Mr. Anurag
Kaushik, Mr. Jatin Arora,
Mr. Rythem Nagpal & Mr. Rishank
Gola, Advocates

versus

MUNICIPAL CORPORATION OF DELHIRESPONDENT

Through: Mr. M.S. Oberoi, Standing Counsel

CORAM:

HON'BLE MR. JUSTICE NITIN WASUDEO SAMBRE

HON'BLE MR. JUSTICE ANISH DAYAL

JUDGMENT (ORAL)

NITIN WASUDEO SAMBRE, J.

1. The suit preferred by the appellant (*original plaintiff*), being **CS (COMM.) No. 1423/2024**, was partially decreed *vide* impugned judgment and decree dated 8th May, 2025 passed by the learned District Judge (Commercial Court)-08, Central District, Tis Hazari Courts, Delhi (hereinafter referred to as "*learned Commercial Court*").



2. The appellant/original plaintiff is aggrieved by the impugned judgment to the extent that the claim for pre-suit interest was disallowed and has, therefore, preferred the present appeal. According to the appellant, the 1st RA Bill was certified by the respondent/department on 29th July, 2021 for a gross amount of Rs.65,93,212/- and the 10th CA Bill was passed by the respondent/department on 31st January, 2022 for a net amount of Rs.11,46,714/-. According to the appellant, sufficient pleadings have already been made in the plaint, which were not specifically disputed in the written statement. The appellant claims that Clause 9 of the General Conditions of Contract, which governs the payment of final bills above Rs.5 lakhs, allows the interest in case if the same is not paid within 9 months from the date of certification of the bill. It is urged that since the bills are not cleared within the period of 9 months from the date of certification, the claim for the interest ought to have been allowed. So as to substantiate the said contention, the appellant has relied on the judgment in the matter of “**North Delhi Municipal Corporation & Ors. vs. Shish Pal**”: MANU/DE/1200/2018. According to the appellant, in the said case, the Division Bench of this Court has awarded interest @ 8 % post the expiry of the 9 months waiting period.

3. The claim of the appellant is based on the contract *inter se* entered into between the parties, which has resulted into the award of civil work. The nature of work allotted to the appellant by the respondent was “*Stg. of road by pdg. Dense Carpet (BC) in Green View Apartment, Pkt-2,*



Sector-19, Dwarka in Dwarka-B, Ward No.38-S/NGZ” for a contractual amount of Rs.65,93,262/- vide work order dated 19th March, 2021.

4. Under the said work order, the work was to be completed by the appellant within a period of three months, *i.e.*, by 27th June, 2021.

5. Accordingly, an agreement was entered into and it is the case of the appellant that the work was completed post its initiation on 12th April, 2021 by 10th June, 2021. The first running bill came to be cleared by the respondent for an amount of Rs.58,02,231/- on 29th July, 2021 and since an amount which is due and payable, receivable from the respondent remained unpaid, the appellant was, thereafter, required to lodge the claim before the learned Commercial Court as under:

Claim No.	Particular	Amount in Rs.
1	1 st RA bill (net amount)	58,02,231/-
2	10CA bill (net amount)	11,46,714/-
3	Reimbursement of Difference amount of GST on decretal amount	Directive
	Total	69,48,945/-
4	Interest @12% p.a. on (a) Claim no. 1 w.e.f. 29.04.2022 till 15.12.2024 (961 days) = Rs. 18,33,187/- (b) Claim No. 2 w.e.f. 09.10.2022 till 15.12.2024 (798 days) = 3,00,847/-	21,34,034/-
5	Cost (Court Fee, Advocate Fee, Misc. Expenses etc.)	Certificate will be produced at the time of final hearing.
	G. Total	90,82,979/-



6. The learned Commercial Court allowed the claim of the appellant as reflected in the decree, however, it refused to grant the interest at the rate of 12% per annum, as against claim no.1 for the period from 29th April, 2022 till 15th December, 2024, *i.e.*, for 961 days amounting to Rs.18,33,187/- and as against claim no. 2 w.e.f. 09th October, 2022 till 15th December, 2024, *i.e.*, 798 days to the tune of Rs.3,00,847/- total amounting to Rs.21,34,034/-.

7. The learned counsel for the appellant, while questioning the findings recorded by the learned Commercial Court, has invited our attention to the specific pleadings in the plaint, wherein it is claimed that the appellant had sought the interest for pre-suit period, as could be noticed not only from the general pleadings in the suit but also in the specific claim to that effect made in *paragraph* 11, 12 and 13 of the plaint.

8. According to him, a perusal of the written statement would reflect that there is no specific denial, but only a general denial *qua* the claim made by the appellant in *paragraph* 11 to 14 of the plaint. He further claims that the appellant in his examination-in-chief has specifically pleaded about his entitlement to the aforesaid claim for interest at the rate of 12% per annum, as narrated hereinabove and there is no specific cross-examination on this point. He also claims that even in the evidence of respondent/defendant, nothing is brought on record so as to demolish the case of the appellant *viz.* his entitlement for pre-suit interest. Drawing support from the judgment of the Apex Court in the matter of ***“Reliance Cellulose Products Ltd. Vs. Oil and Natural Gas Corporation Ltd.”***,



MANU/SC/0777/2018. It is urged that the Apex Court has held “*Since interest is compensatory in nature and is parasitic upon a principal sum not having been paid in time, this Court has frowned upon clauses that bar the payment of interest.*”

9. Based on above, he would urge that the appellant is entitled to the interest for pre-suit period. As such, he urges that the refusal or rejection of the claim to that extent, warrants interference.

10. As against above, *Mr. Oberoi*, learned Standing Counsel for the respondent/judgment debtor urges that the decretal amount has already been received by the appellant and in such an eventuality, the appellant is not entitled to the interest as claimed, as the decree stood satisfied. Drawing support from Clause 7 of General Conditions of Contract, he contends that the learned Commercial Court was justified in refusing the claim for grant of pre-suit interest. He further urges that not only in the written statement there is a denial, but also the evidence if properly analyzed, the cross-examination of the appellant would reflect that the claim put-forth by the appellant can be inferred to have been denied and not established. He, accordingly, urged that the claim was rightly rejected by the learned Commercial Court.

11. *Mr. Oberoi* urges that in absence of sufficient pleadings and documentary evidence, the learned Commercial Court was justified in rejecting the claim as there is no provision for award of pre-suit interest and the claim can be termed as vexatious.



12. Mr. Oberoi further urges that even plain reading of General Conditions of Contract and that of the work order dated 19th March, 2021, it is aptly clear that the appellant is not entitled to the interest as claimed.

13. We have considered the rival claims.

14. It is a fact that the interest for pre-suit period was denied by the learned Commercial Court by recording a finding that the appellant/ original plaintiff has failed to produce the documents so as to justify his claim.

15. As far as payment of interest is concerned, the same is governed by the provisions of the Section 34 of the Code of Civil Procedure, 1908 (hereinafter referred to as “CPC”) and also under the Interest Act, 1978, the said Act provides for award of interest *pendente lite and future*. Section 34 of the CPC reads as under:

“(1) Where and in so far as a decree is for the payment of money, the Court may, in the decree, order interest at such rate as the Court deems reasonable to be paid on the principal sum adjudged, from the date of the suit to the date of the decree, in addition to any interest adjudged on such principal sum for any period prior to the institution of the suit, 1 [with further interest at such rate not exceeding six per cent. per annum as the Court deems reasonable on such principal sum], from the date of the decree to the date of payment, or to such earlier date as the Court thinks fit:

2[Provided that where the liability in relation to the sum so adjudged had arisen out of a commercial transaction, the rate of such further interest may exceed six per cent. per annum, but



shall not exceed the contractual rate of interest or where there is no contractual rate, the rate at which moneys are lent or advanced by nationalised banks in relation to commercial transactions.

Explanation I.--In this Sub-section, "nationalised bank" means a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970).

Explanation II.-- For the purposes of this section, a transaction is a commercial transaction, if it is connected with the industry, trade or business of the party incurring the liability.]

(2) Where such a decree is silent with respect to the payment of further interest 3[on such principal sum] from the date of the decree to the date of payment or other earlier date, the Court shall be deemed to have refused such interest, and a separate suit therefor shall not lie."

16. In the backdrop of the aforesaid legal provisions, we appreciate the claim put forth by the appellant/plaintiff in *paragraphs* 6 and 7 of the plaint, wherein the appellant has specifically pleaded for the award of interest on the delayed payment post expiry of the waiting period and until the date of filing of the suit. The delay in the payment of the admitted amount is borne out by the record and is not disputed by the respondent.

17. Clause 9 of the General Conditions of Contract was interpreted by the Division Bench of this Court in ***North Delhi Municipal Corporation & Ors. vs. Shish Pal*** (*supra*), wherein in *paragraph* 78 and 79, the findings are recorded that interest @ 8% after completion of 6/9 months from the certification of bills can be awarded, and was accordingly awarded. The appellant, in fact, in addition to the pleadings in categorical terms has



brought on record through his evidence that the amount, though was certified, was not paid within the period of 9 months, pursuant to Clause 9 of the General Conditions of Contract. As such there is sufficient material including the respective pleadings and also the evidence to infer that the amount was paid by the respondent/department at a belated stage, which otherwise should have been paid within reasonable period as per the General Conditions of Contract.

18. Rightly so, the learned counsel for the appellant has pointed out that though there is a denial to the claim of the appellant towards his entitlement for interest, however, there is no specific denial in the written statement and also there is no categorical and specific cross-examination on the said point, even though the claim was part of the examination-in-chief.

19. This Court while exercising appellate jurisdiction in law is required to re-appreciate the pleadings of rival parties and also the evidence in an analytical manner. The said appreciation, in our opinion, prompts us to hold that not only there was a delay in making the payment but such delay was beyond the prescribed period and, therefore, attracts interest. The claim of interest, as has been pleaded and established by the appellant, cannot be said to have been demolished by the respondent through their cross-examination.

20. Rightly so, the learned counsel for the appellant has drawn support from the judgment of Apex Court in the matter of ***Reliance Cellulose Products Ltd. Vs. Oil and Natural Gas Corporation Ltd.*** (*supra*) to claim



that the interest is compensatory in nature and has to be based on the principal sum not having been paid within prescribed time.

21. Apart from above, if we appreciate the very provision of Section 34 of the CPC, it permits an aggrieved party in case of the decree for payment of money to claim from the Court an interest at a reasonable rate and it is for the Court to award the same if so payable, which it feels reasonable to be paid on principal sum adjudged. Sub-section (1) of Section 34 permits payment of such interest on the principal sum adjudged from the date of suit to the date of the decree and it further permits award of interest on the principal sum for any period prior to the institution of suit.

22. As such there is no statutory embargo on the right of the appellant to claim interest for a pre-suit period and in such an eventuality, we are of the view that the learned Commercial Court committed an error in rejecting the claim of the appellant to the aforesaid extent, thereby not allowing the claim for interest for a pre-suit period in terms of claim no.4.

23. As such in our opinion, the impugned judgment delivered by the learned Commercial Court warrants interference. Accordingly, the judgment and decree dated 08th May, 2025 passed by the learned Commercial Court in civil suit bearing CS(COMM) No.1423/2024 is hereby modified and the finding recorded reacting the claim of the petitioner *qua* the claim no.4 is hereby quashed and set aside.

24. It is directed that in addition to the claim that is allowed by the learned Commercial Court, the appellant is held to be entitled for the claim put forth by him in claim no.4(a) and 4(b) which are as follows:



“CLAIM NO.1 & 4(a);

12. That the defendant has passed the 1st RA bill was passed by defendant department on 29.07.2021 of Rs.65,93,212/- (gross amount) Rs.58,02,231/- (net amount) (Doc. No. 12) but not paid the amount till date without any justification, therefore, the plaintiff is entitled for the net amount as claimed along with the interest claimed as Claim No. 4(A) of para 11 of plaint.”

CLAIM NO. 2 & 4(b):

13. The defendant has passed the 10CA bill on 31.01.2022 of Rs.12,07,068/- (gross amount) Rs.1,46,714/- (net amount) (Doc. No. 13), however, till date the amount is not released by the defendant, therefore, the plaintiff is entitled for this amount along with interest claimed as Claim No. 4(b) of para 11 of plaint.”

25. As such the decree stands modified to the aforesaid extent.

26. We direct the interest to be calculated and paid to the appellant @ 9% per annum. We have appreciated the aforesaid submissions and the appeal is allowed in the aforesaid terms.

27. We make it clear that as far as the claim put forth by the appellant in regard to the claim no.3 is concerned, no specific contentions are canvassed in support of such claim. In our opinion and in view of the aforesaid approach of the appellant, claim no. 3 does not warrant any consideration.

28. The pending applications, if any, stands disposed of as infructuous.



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29. A copy of this judgment be uploaded on the website of this Court forthwith.

**NITIN WASUDEO SAMBRE
(JUDGE)**

**ANISH DAYAL
(JUDGE)**

SEPTEMBER 11, 2025/pr/ab/sm/sk