



2026:DHC:3834



* IN THE HIGH COURT OF DELHI AT NEW DELHI

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Judgment Reserved on: 25th March, 2026

Judgment pronounced on: 6th May, 2026

+ W.P.(C) 12493/2025 with CM APPL. 50962/2025

GIRIRAJ ENTERPRISES

.....Petitioner

Through: Mr. Abhay Kumar, Mr. Pankaj
Jaiswal, Mr. Shagun Ruhil and
Mr. Karan Chopra, Advocates

Versus

MUNICIPAL CORPORATION OF DELHI

.....Respondent

Through: Mr. Tushar Sannu and Ms. Pulak
Gupta Joshi, Advocates for MCD with
Mr. Kushal Kadiyan, MCD Officer.

CORAM:

HON'BLE MR. JUSTICE AMIT BANSAL

JUDGMENT

AMIT BANSAL, J.

1. The present writ petition has been filed seeking setting aside of the order dated 13th August, 2025 issued by respondent no.3/Assistant Commissioner, MCD, by which the allotment of the parking site at Red Fort Metro Station Parking, City SP Zone awarded to the petitioner has been cancelled. Further, the security deposit and the FDR submitted by the petitioner has been forfeited and the petitioner has been blacklisted.



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2. Brief facts relevant for deciding the present writ petition are set out below.
3. On 30th August, 2024, respondents invited E-bids from eligible bidders for allotment of authorized surface parking sites at various locations. One of the parking sites offered was at 'Red Fort Metro Station Gate No.1, 2, 3 and 4' ('subject parking site'). The Reserved Monthly License Fee was fixed at Rs.59,000/-, whereas the EMD was fixed for a sum of Rs.1,06,200/-.
4. On 26th September, 2024, the petitioner submitted its comprehensive bid for a monthly license fee of Rs.7,61,000/- for the allotment of the subject parking site. The bid of the petitioner was admitted by the respondents on 18th November, 2024.
5. On 22nd November, 2024, a communication was sent by the respondents to the petitioner, wherein it was stated that the aforesaid bid by the petitioner was accepted and the subject parking site was offered to the petitioner for a period of three years.
6. On 29th November, 2024, the petitioner deposited the requisite security deposit for an amount of Rs.22,83,000/- with the respondents in accordance with the terms and conditions of the e-tender. Subsequently, the petitioner also deposited a sum of Rs.29,37,815/- towards the advance monthly license fee for a period of four months.
7. Pursuant thereto, the petitioner was handed over the possession of the subject parking site on 16th December, 2024.
8. The Traffic Police issued a communication dated 21st February, 2025 to MCD seeking cancellation of the license of parking area at the Red Fort Metro Gate No.4 as the same was causing traffic congestion in the area. On 7th May, 2025, the MCD sent a communication to the Traffic Police stating that MCD



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had allotted the parking site only for Gate No.1 and Gate No.2 of the subject parking site. Therefore, the parking site being operated at Gate No.3 and 4 is unauthorized.

9. A Show Cause Notice dated 13th May, 2025 was issued by MCD to the petitioner stating that the petitioner was covering parking space beyond the allotted parking area and accordingly, the petitioner was called to pay a penalty of Rs.1,14,115/-.

10. A subsequent Show Cause Notice was issued on 30th May, 2025, wherein the petitioner was called to pay outstanding amounts towards monthly license fees of Rs.25,33,296/-. The aforesaid notice also proposed cancellation of the contract, forfeiture of security deposit and blacklisting of the petitioner.

11. The aforesaid Show Cause Notices were challenged by the petitioner by way of Writ Petition, being W.P.(C) 9024/2025, before this Court. The said writ petition was disposed of *vide* order dated 4th July, 2025, directing the petitioner to file a reply to the aforesaid Show Cause Notice and directing respondents/MCD to decide the Show Cause Notice after considering the reply filed by the petitioner granting opportunity of personal hearing to the petitioner. The relevant observations of the said order are set out below:-

“12. Upon the petitioner filing the reply to the said Show Cause Notices, the respondent no. 1-MCD shall consider the reply of the petitioner and also grant an opportunity of personal hearing.

13. In case, the respondent no. 1-MCD arrives at a conclusion that the petitioner is unable to operate the full area of the parking space allotted to it, the respondent no. 1-MCD shall consider giving proportionate remission to the petitioner, in terms of its policy.

14. Needless to state, during the pendency of the proceedings before the MCD pertaining to the Show Cause Notices issued by the MCD, no coercive action shall be taken against the petitioner.



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15. At this stage, this Court notes the submissions of learned counsel appearing for the respondent that the petitioner was handed over the parking site in January, 2025, however, till date the petitioner has not paid any amount.

16. Responding to the same, learned counsel appearing for the petitioner submits that a sum of Rs. 4,00,000/- (Rupees Four Lakh) has been deposited recently.

17. In view of the submissions made before this Court, it is directed that a sum of Rs. 10,00,000/- (Rupees Ten Lakh) shall be deposited by the petitioner on account, with the respondent no. 1-MCD within a period of one week from today."

12. Pursuant thereto, the petitioner filed a reply dated 14th July, 2025 to the Show Cause Notice dated 30th May, 2025.

13. The impugned order was passed by MCD on 13th August, 2025. For the sake of convenience, the same is set out below:-

To,

M/s Giriraj Enterprises
(Prop: Anil Kumar)
1st Floor 323, Kucha Ghasi Ram,
Chandini Chowk, Delhi-110006
E-mail:- anilkumar1968th@gmail.com

Sub: - Cancellation of allotment of parking site at Red Fort Metro Station Parking, City SP Zone.

Whereas the parking site situated at Red Fort Metro Station Parking, City SP Zone was allotted to M/s Giriraj Enterprises vide allotment letter no. AC/RPC/MCD/2024/D-2422 dated 16.12.2024 for the period of three years which is further extendable for another two years.

2. Whereas you/your firm has not deposited the outstanding dues upto July'25, as per payment schedule despite issuance of Show Cause Notice vide office letter no. AC/RPC/MCD/2025/D-394 dated 30.05.2025 with the direction to deposit outstanding dues against you/your firm. However, you have failed to deposit outstanding dues amount.
3. You were also directed by the Hon'ble High Court in W.P (C) 9024/2025 to pay the amount of Rs. 10,00,000/- within a period of one week from the passing of court order (i.e. on 04.07.2025) but you have failed to obey the direction from Hon'ble High Court also.
4. Therefore, as per terms & conditions of NIT, the parking site at Red Fort Metro Station Parking, City SP Zone is hereby cancelled with immediate effect due to default in payment.
5. Your firm M/s Giriraj Enterprises has also been Blacklisted as per Clause No. 26 of Annexure-5 of NIT.
6. The security deposit & the FDR available with the department is hereby forfeited.

This issue with prior approval of the Competent Authority.

Administrative Officer/RP Cell
Municipal Corporation of Delhi



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14. The petitioner has challenged the aforesaid impugned order in the present writ petition. This Court *vide* order dated 19th August, 2025, stayed the operation of the impugned order, subject to the petitioner depositing an additional amount of Rs.10,00,000/- with the MCD within two weeks therefrom. The petitioner complied with the said direction by depositing the requisite amount, and accordingly, the operation of the impugned order has remained stayed.

15. The main ground of challenge raised by the petitioner is that the contract was awarded in favour of the petitioner for all four gates of the Red Fort Metro Station, *i.e.* Gate Nos. 1 to 4. However, respondents permitted the petitioner to operate only at two gates, *i.e.* Gate Nos.1 and 2.

16. Counsel for the petitioner submits that it is for the first time in the counter affidavit that the respondents have raised the plea that respondents had awarded the parking site only in the stretch covering Gate Nos.1 and 2. This plea was never taken in any of the earlier communications. A perusal of the e-tender documents which gives a list of parking sites, offer letter dated 24th November, 2024 and the possession letter dated 16th December, 2024, clearly show that the petitioner was to be given all four gates of the parking site. Therefore, the contention of the respondents that the petitioner only required to be given parking site at Gate Nos.1 and 2 is completely contrary to the record. It is further contended on behalf of the petitioner that the petitioner cannot be charged monthly license fees for the parking site covering four gates, *i.e.* Gate Nos. 1, 2, 3 and 4 when the petitioner was permitted to operate only at the two gates.

17. It is further submitted on behalf of the petitioner that the impugned order proceeds to blacklist the petitioner in a completely unlawful manner. In



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this regard, reference is placed on the judgments of the Supreme Court in *Eurasian Equipment v. State of West Bengal*¹ and *B.S.N. Joshi & Sons v. Nair Coal Services*².

18. In the reply affidavit filed on behalf of the respondents/MCD, it is stated that the petitioner was allotted only Gate Nos.1 and 2 of the subject parking site. This is evident from the site map of the subject parking site which was counter signed by the petitioner. The plea of not handing over the sites at Gate Nos. 3 and 4 is clearly an afterthought which was raised much after the acceptance of possession. The petitioner's conduct shows repeated and independent breaches, such as overcharging and unauthorized occupation. Accordingly, the respondents were fully justified in cancelling the contract of the petitioner.

19. Mr Tushar Sannu, standing counsel appearing on behalf of MCD, submits that even though the parking site was referred to in the tender document as 'Metro Red Fort Gate no. 1, 2, 3 and 4', the parking was allotted only between Gate Nos.1 and 2. The parking between Gate Nos. 3 and 4 was not a part of the subject parking site. The approved site map of the subject parking site was annexed to the allotment letter issued by the respondents in favour of the petitioner, which confirms that only Gate Nos.1 and 2 are part of the licensed area for operation of the subject parking site. The said site map was counter signed by the petitioner.

20. The petitioner accepted the aforesaid allotment without any protest. The petitioner did not object at the time of taking over the possession of the subject parking site on 16th December, 2024. Therefore, the petitioner is

¹ (1975) 1 SCC 70.

² (2006) 11 SCC 548.



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deemed to have waived his right by way of continued participation. Reliance is placed on the judgment of the Supreme Court in *State of Punjab v. Davinder Pal Singh Bhullar*³.

21. The respondents also question the maintainability of the present writ petition as the rights of the parties are governed by contractual terms. Therefore, the proper remedy would be to file a civil suit. Reliance in this regard is placed on the judgments of the Supreme Court in *Bareilly Development Authority v. Ajai Pal Singh*⁴ ('*Bareilly Development Authority*') and *Tata Cellular v. Union of India*⁵.

22. Insofar as blacklisting is concerned, it is submitted that taking into account the conduct of the petitioner, the respondents were fully justified in blacklisting the petitioner. Reliance in this regard is placed on the judgment of the Supreme Court in *Kulja Industries Ltd. v. Western Telecom Project BSNL*⁶ ('*Kulja Industries Limited*') and *Patel Engineering v. Union of India*⁷.

23. I have heard the counsel for the parties and examined the record.

24. From the perusal of the site map of the subject parking site filed along with the e-tender documents (part of Annexure P-2 at page 166 of the petition), it is manifest that MCD awarded the subject parking site to the petitioner only for the stretch from Gate No.1 to Gate No.2. The site map clearly notes that the allotment of the parking site is for Gate Nos.1 and 2 of the Red Fort Metro Station. As per the said document, the subject parking site

³ (2011) 14 SCC 770.

⁴ (1989) 2 SCC 116.

⁵ (1994) 6 SCC 651.

⁶ (2014) 15 SCC 731.

⁷ (2012) 11 SCC 257.



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covers 175 meters with a parking space of 7 four-wheeler vehicles and 45 two-wheeler vehicles.

25. The MCD has also placed on record a copy of the said site map duly counter signed by the petitioner (additional documents filed by the MCD on 25th March, 2026). It transpires from the aforesaid document that even though the nomenclature used for parking site was “Red Fort Metro Station Gate Nos.1, 2, 3 and 4”, the actual parking area that was offered in the e-tender was only in respect of parking site between Gate Nos.1 and 2. The parking between Gate Nos.3 and 4 which falls on the other side of the road was not part of the e-tender.

26. Pertinently, the possession of the parking site was handed over to the petitioner on 16th December, 2024 (at Annexure P-6) and the petitioner never disputed till May, 2025 that the area between Gate Nos.3 and 4 have not been handed over to him. The plea of the petitioner that the MCD did not hand over the parking between the Gate Nos.3 and 4 clearly appears to be an afterthought.

27. Respondents/MCD in its communication dated 7th May, 2025 to the traffic police (Annexure P-11) had clearly stated that the parking site was allotted to the petitioner from Gate No.1 to Gate No.2 only and the parking from Gate Nos.3 and 4 was not allotted to the petitioner.

28. It has been submitted by the MCD that a pre-bid meeting was duly convened wherein all prospective bidders were present and their queries were addressed. Pertinently, if the petitioner had any reservations or concerns with respect to the subject parking site, the same ought to have been raised and clarified during the said meeting.



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29. Pertinently, against a Reserve Monthly License Fee of Rs.59,000/-, the petitioner bid for an amount of Rs. 7,61,000/- as a monthly license fee. Having made a bid for this amount, the petitioner cannot claim that the area at the subject parking site was less and unilaterally start paying lesser amount on a proportionate basis.

30. In the opinion of this Court, the cancellation was carried out by MCD in accordance with provision of Notice Inviting Tender ('NIT') which constituted the contract between the parties. Clause 10(B) and Clause 11 of Section-II (Instructions to Bidders) and Clause 24 of the 'Additional Terms & Conditional for Award of Contract of Parking Sites' at Annexure 5 clearly provided that failure to deposit dues in a timely manner can result in termination of the contract and upon termination, MCD is entitled to forfeit the security deposit.

31. From the calculation sheet filed by the MCD on 22nd February, 2026, it is evident that the petitioner has failed to pay the monthly license fee of Rs.7,61,000/- on multiple occasions since February, 2025 and there are outstanding dues amounting to a total of Rs. 49,37,061/-.

32. Insofar as the aspect of blacklisting is concerned, Clause 26 of the 'Additional Terms & Conditional for Award of Contract of Parking Sites' at Annexure 5 in the NIT, provides that a contractor can be blacklisted if there are regular defaults in payment of license fee by the contractor and in such cases, permits forfeiture of the security amount/Performance guarantee/advance MLF and other deposits, however, the said clause does not provide any time frame for blacklisting. For ease of reference, Clause 26 is set out below:



“Clause 26 Blacklisting-

The contractor, if at any time, found engaged in any kind of malpractices including default in payment of license fee regularly shall be liable to be blacklisted & in such an event his security amount/Performance guarantee/advance MLF and other deposits will be forfeited.”

33. The Supreme Court in ***Kulja Industries Limited*** (supra) has held that blacklisting against a contractor cannot be permanent. The period of debarment/blacklisting would depend on the nature of the offence committed by the contractor. The following guidelines were laid down by the Supreme Court for blacklisting:-

“22. The guidelines also stipulate the factors that may influence the debarring official’s decision which include the following:

- (a) The actual or potential harm or impact that results or may result from the wrongdoing.*
- (b) The frequency of incidents and/or duration of the wrongdoing.*
- (c) Whether there is a pattern or prior history of wrongdoing.*
- (d) Whether the contractor has been excluded or disqualified by an agency of the Federal Government or has not been allowed to participate in State or local contracts or assistance agreements on the basis of conduct similar to one or more of the causes for debarment specified in this part.*
- (e) Whether and to what extent did the contractor plan, initiate or carry out the wrongdoing.*
- (f) Whether the contractor has accepted responsibility for the wrongdoing and recognized the seriousness of the misconduct.*
- (g) Whether the contractor has paid or agreed to pay all criminal, civil and administrative liabilities for the improper activity, including any investigative or administrative costs incurred by the Government, and has made or agreed to make full restitution.*
- (h) Whether the contractor has cooperated fully with the government agencies during the investigation and any court or administrative action.*
- (i) Whether the wrongdoing was pervasive within the contractor's organization.*



(j) *The kind of positions held by the individuals involved in the wrongdoing.*

(k) *Whether the contractor has taken appropriate corrective action or remedial measures, such as establishing ethics training and implementing programs to prevent recurrence.*

(l) *Whether the contractor fully investigated the circumstances surrounding the cause for debarment and, if so, made the result of the investigation available to the debarring official.*

23. *As regards the period for which the order of debarment will remain effective, the guidelines state that the same would depend upon the seriousness of the case leading to such debarment.*

24. *Similarly in England, Wales and Northern Ireland, there are statutory provisions that make operators ineligible on several grounds including fraud, fraudulent trading or conspiracy to defraud, bribery, etc.*

25. *Suffice it to say that “debarment” is recognised and often used as an effective method for disciplining deviant suppliers/contractors who may have committed acts of omission and commission or frauds including misrepresentations, falsification of records and other breaches of the regulations under which such contracts were allotted. What is notable is that the “debarment” is never permanent and the period of debarment would invariably depend upon the nature of the offence committed by the erring contractor.”*

[emphasis supplied]

34. The judgment of the Supreme Court in ***Kulja Industries Limited*** (supra) was followed in ***Blue Dreamz Advertising Private Limited and Another v. Kolkata Municipal Corporation and Others***⁸. Applying the aforesaid principles laid down in ***Kulja Industries Limited*** (supra), the order of blacklisting was set aside by the Supreme Court. The relevant observations are set out below:-

“25. In other words, where the case is of an ordinary breach of contract and the explanation offered by the person concerned raises a bona fide dispute, blacklisting/debarment as a penalty ought not to be resorted to. Debarring a person albeit for a certain number of years tantamounts to

⁸ (2024) 15 SCC 264.



civil death inasmuch as the said person is commercially ostracised resulting in serious consequences for the person and those who are employed by him.

26. Too readily invoking the debarment for ordinary cases of breach of contract where there is a bona fide dispute, is not permissible. Each case, no doubt, would turn on the facts and circumstances thereto.”

35. In ***Techno Prints v. Chhattisgarh Textbook Corporation***⁹, the Supreme Court once again deprecated the practice of blacklisting a contractor as it is a drastic step and brings to an end the entire business.

36. In the present case, there has been no assessment as to the period for which the petitioner was to be blacklisted taking into account the conduct of the petitioner. The order blacklisting the petitioner, has been passed in a completely mechanical manner and therefore is liable to be set aside.

37. In view of the above discussion, the present writ petition is disposed of in the following terms:

- i. Termination/cancellation of allotment of the subject parking site is upheld.
- ii. The forfeiture of security deposit and FDR by the MCD is upheld.
- iii. Liberty is given to the respondents/MCD to take steps for recovery of unpaid dues/Monthly License Fees from the petitioner.
- iv. The impugned order is set aside to the extent that it indefinitely blacklists the petitioner.
- v. The respondents/MCD are at liberty to initiate fresh proceedings for blacklisting by issuing an appropriate show cause notice to the petitioner and affording due opportunity of hearing. Any decision with respect to blacklisting shall be taken in accordance with the

⁹ 2025 SCC OnLine SC 343.



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principles laid down by the Supreme Court in *Kulja Industries Limited* (supra).

38. All pending applications stand disposed of.

**AMIT BANSAL
(JUDGE)**

May 6, 2026
Vivek/-/ds