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

Date of decision: 3rd February, 2026

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+ **RFA(COMM) 585/2025 & CM APPL. 65725/2025**

MUNICIPAL CORPORATION OF DELHIAPPELLANT

Through: Mr. Siddhant Nath, SC, Mr. Bhavishya Makija, Mr. Amaan Khan, Advs. with Mr. Sudhir Raj Singh, EB(P).

versus

M/S RAM NIWAS GOELRESPONDENT

Through: Mr. Avnish Trivedi, Mr. Anurag Kaushik & Mr. Rahul Aggarwal, Advs.

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE MADHU JAIN

Prathiba M. Singh, J. (Oral)

1. This hearing has been done through hybrid mode.
2. The present appeal has been filed challenging the judgement and decree dated 13th February, 2025 passed by the Id. District Judge, (Commercial-08), Tis Hazari Courts, Central Delhi in **Commercial Case No. 1156/2022**. The said commercial suit had been preferred by the Plaintiff/Respondent seeking permanent injunction and recovery of Rs. 1,90,31,582/- along with interest.
3. *Vide* the impugned order the said suit has been decreed in the following terms:

“19. In view of my findings given on the above said issues, the plaintiff shall be entitled to a decree for a sum of Rs.12,970,562/(Rs.50,000/- i.e. withheld amount of 1st RA bill, Rs.32,16,805/towards 2nd RA Bill, Rs.62,53,152/- towards 3rd RA Bill, Rs.15,24,105/- towards 4th RA Bill, Rs.18,75,500/- towards earnest money and Rs.51,000/- towards reserve



amount). Plaintiff shall also be entitled to interest@ 6% per annum on the amount of Rs.12,970,562/- from the date of filing of the suit till realization.”

4. The brief facts of the case are that the Respondent/Plaintiff was awarded a works contract dated 25th July, 2019 for construction of classrooms, store rooms, computer rooms etc. for SDMC Pre School Lal Kuan Chungi No. 2 in Ward No. 94-S, Central Zone. The total contractual amount of the said work was Rs. 5,27,48,941/- and the same was to be completed within 18 months. The Appellant/Defendant had cleared three RA Bills raised by the Respondent/Plaintiff for various amounts on 26th May, 2020, 30th September, 2020 and 12th March, 2021. However, the Appellant/Defendant did not pay any amount in respect of the said RA Bills. Further, the grievance of the Respondent/Plaintiff was that there were several hindrances being created by the Appellant/Defendant in completion of the work.

5. Thereafter, the contract came to an end on 3rd February, 2021, and considering the dispute between the parties, the Respondent/Plaintiff had filed the subject suit for recovery.

6. The Trial Court had considered the matter and *vide* the impugned order had decreed the suit in favour of the Respondent/Plaintiff.

7. Today, the Id. Counsel for the Respondent has raised serious objection to the Appellant - MCD filing the present appeal. It is his submission that the present case is already covered by the settled law and that the filing of the present appeal mechanically is nothing but abuse of process by the Appellant Department. In support of this, he has brought to the notice of this Court the order of the Co-ordinate Bench of this Court dated 11th July, 2024 passed in ***RFA(Comm.) 188/2024*** titled ***Municipal Corporation of Delhi vs. M/s. Ram***



Niwas Goel, wherein the Court had directed for formulation of a protocol to ensure that matters which stand covered by the judgements of the Courts are not re-agitated. The relevant portion of the said judgment reads as under:

“6. We have heard learned counsel for the parties. Given the fact that the appellant/Corporation has paid the decretal amount in the instant case, we intend to give the appellant/Corporation one more opportunity to ensure that a system is put in place so that pleadings are scrutinized by the Chief Law Officer before they are filed in courts.

7. The Chief Law Officer shall ensure that the issues which already stand covered by the judgments rendered by the superior courts are not taken up without due application of mind concerning the facts obtaining in a particular case. Therefore, the appeal is disposed of with the following directions:

(i) The Deputy Commissioner (Law), Municipal Corporation of Delhi (MCD) with the assistance of the Chief Law Officer, will evolve a protocol whereby pleadings are scrutinized so that the assertions or averments made in the pleadings are aligned with the law of the land.

(ii) A copy of the protocol devised by the Deputy Commissioner (Law) will be placed on this Court's record.

(iii) The burden of costs of Rs. 20,000/- imposed by the trial court which was to be deposited with the Delhi Legal Services Authority (Central) will be borne by the appellant/Corporation.”

8. According to Id. Counsel for the Respondent, the MCD has now formulated a policy as per which they ought not to be pursuing these appeals



as the legal issues already stand settled by a catena of judgments including ***RFA 160/2017*** titled ***North Delhi Municipal Corporation v. Vipin Gupta***. The view taken in *Vipin Gupta* has been upheld by various Coordinate Benches in ***RFA(COMM) 5/2021*** titled ***North Delhi Municipal Corporation v. Garg Construction Company*** decided on 15th March, 2021. The ***Vipin Gupta (supra)*** judgment has also been upheld by the Supreme Court in a batch of matters being ***SLP(C) No. 355/2019*** titled ***North Delhi Municipal Corporation vs. Vipin Gupta*** where the SLPs were dismissed on 3rd January, 2019. In ***Vipin Gupta (supra)***, one of us, sitting as a Single Bench had observed that once RA bills are cleared and the same are not disputed by the Corporation, payment cannot be withheld. The observations in ***Vipin Gupta (supra)*** read as under:

“The present guidelines are being issued in all the appeals. The Court has had the opportunity of perusing the trial court records in all these 43 appeals. A perusal of the records reveals the following:-

- 1. In most cases, the Contractors who are awarded the work orders do not submit the interim or final bills to the Engineer-in-Charge for approval;*
- 2. The final measurement recordal is done by the Engineer-in-Charge;*
- 3. The final bill is also prepared and passed by the Engineer-in-Charge on his own accord and the Contractor then accepts it;*
- 4. The procedure for obtaining labour clearance certificate from the Labour Officer is not followed;*
- 5. Once the bills are passed, Contractors are made to wait endlessly for their payments on the ground of non-availability of funds;*



6. Even for refunds of Security Deposit and Earnest money deposits, the Contractor is made to wait till the final payment is made;
7. The measurement books and the photographs of work, actually carried out, are not produced in evidence.

The above process is contrary to the General Conditions of Contract. It is therefore, necessary and important that all the steps of the Contract are followed by the Contractors and the Corporations. The following guidelines are being passed:

1. Along with the work order, all the Clauses of the General Conditions of Contract should be attached;
2. On the award of the Work order, periodic inspections of the work being carried out should be done by the Engineer-in-Charge;
3. If possible, photographs of the works at different stages should be taken and maintained on the record;
4. Interim bills should be submitted by the Contractor – duly certifying the work which has been carried out;
5. Final bills should be submitted by the Contractor – duly certifying the work carried out along with photographs;
6. **The Bill should be scrutinised by the Engineer-in-Charge, works should be recorded in the measurement book and thereafter, the bill should be passed;**
7. **Once the Bill is passed, the payment schedule of 6 months and 9 months should be adhered to. Delay in payments would result in Interest being levied;**
8. **For refunds of Security deposit and Earnest Money deposit, the Contractor should unscrupulously comply with the conditions in Clauses 17 and 45. For refunds to be made, payment of final bill need not be awaited. Once the conditions of Clauses 17 and 45 are complied with and the final bill is passed, refunds ought to be made;**



9. In suits relating to recovery of Contractor's dues, all the evidence including the NIT, General Conditions of Contract, periodic inspection reports, Final bill as submitted, Final bill as passed, Measurements carried out, Photographs etc., should be produced and duly exhibited.

10. IT infrastructure ought to be created to maintain records of the work orders, inspection reports, final bills, photographs etc., digitally, as it is noticed that the trial court record does not contain all the relevant documents and in several cases, different versions of clauses are relied upon by both sides, bills are not properly understandable and there is no evidence of actual inspections or measurements having been taken. Maintenance of digital records will make it more transparent and easily accessible for the officials and for production in the Court in case of future litigation.

Adherence to the above shall ensure that the works are duly carried out as per the quality standards prescribed and there is proper record of work being done. Once the work is carried out payments ought not to be delayed, inasmuch as delay in payments compromises on availability of quality civil work for the Corporations, who take care of basic amenities for citizens such as roads, pavements, civil works, sewerage lines etc.

These guidelines shall be read along with the judgments pronounced today in these appeals."

9. Even in the present case, a decree has been granted by the Id. Commercial Court on the ground that the RA bills have been proved on record. A perusal of the evidence also revealed that the witness for the MCD who was the Assistant Engineer, PR-II Central Zone had admitted the RA bills. The relevant portion of the evidence of the said witness is as under:

"Q. Can you bring the copy of complete set of



agreement and passed running bills (1 to 4) of this work?

Ans. I have admitted 3 passed running bills which are already on record exhibited as Ex.PW1/22 to Ex.PW1/24. Today I have brought the IVth bill, which is Ex.DW1/P1."

10. Further, the Id. Counsel for the MCD has pointed to the Respondent's evidence wherein it is accepted by the Respondent that the work was incomplete and only 35% was completed. The relevant portion of the same reads as under:

"The bill in relation to the work order pertaining to which I have filed the instant suit has already been passed by the MCD. However, I admit that the work is incomplete. Work more than 35 percent is complete. It is correct that the time schedule as per GCC has not been submitted by me. Vol., the department refused to accept the same. It is incorrect to suggest that I am not entitled to claim the suit amount. It is incorrect to suggest that I have not completed work order on the given site even after lapse of more than 36 months, though the work was to be completed within 18 months. It is incorrect to suggest that since the department has prepared the bill on its own, I am not entitled for any interest."

11. The stand of the MCD is that only 35% of the work was completed. This Court is of the view that if there was any breach by the Contractor, it was for the MCD to avail of its remedies. Once the RA bills for the work which was completed has been admitted and approved by the MCD, the grant of the decree cannot be faulted.

12. Under these circumstances, since the decree has been passed based on these very RA bills, no interference is called for in this matter. Even the award



of interest is reasonable @ 6% from the date of filing of the suit.

13. As per the directions passed on 16th October, 2025, the entire decretal amount has been deposited and is lying in FDR. Let the same be released to the Respondent along with the accrued interest after deducting the TDS on the interest amount.

14. The appeal is disposed of in the above terms. Pending applications, if any, are also disposed of.

**PRATHIBA M. SINGH
JUDGE**

**MADHU JAIN
JUDGE**

FEBRUARY 3, 2026

dj/msh