

**IN THE COURT OF RAMESH KUMAR-II, DISTRICT
JUDGE (COMMERCIAL COURT)-08, CENTRAL, TIS
HAZARI COURTS, EXTENSION BLOCK:
DELHI.**

CS (COMM.) No.141/2026
CNR NO.: DLCT01-001976-2026



IN THE MATTER OF:-

Mr. Lovesh Gupta
Sole Proprietor of:-
M/s Ganga Builders,
R/o: Block-R, 30B,
Dilshad Garden,
Delhi-110095.Plaintiff.

Versus

Municipal Corporation of Delhi,
Through Its Commissioner
Civic Centre, Minto Road,
New Delhi-110002.Defendant.

Date of Institution	:	31.01.2026
Date of final arguments	:	19.05.2026
Date of decision	:	08.06.2026

JUDGMENT

1 Vide this judgment, I shall dispose of the present suit as filed by the plaintiff against the defendant seeking recovery of Rs.11,96,305/- alongwith pendentelite & future interest.

2 The dispute between the parties is a commercial dispute within the definition of Section 2 (1) (c) of the Commercial Courts Act, 2015. Pre-mediation between the parties remained

unsuccessfully vide non-starter report Ex.PW1/15 dated 05.01.2026 of the concerned District Legal Services Authority.

3 Brief facts of the case as made out from the plaint are that the plaintiff is the sole proprietor of M/s Ganga Builders, a firm duly enrolled as Municipal Contractor with the defendant. The plaintiff has been executing the work order civil in nature for the Municipal Corporation of Delhi since long. It is further stated that the plaintiff being government contractor approached the defendant for the work order through tender which was invited by the defendant and after the satisfaction of the completion of the required conditions at the stage of pre-work order, awarded work orders no.64 dated 09.08.2023, work order no.66 dated 16.08.2023, work order no.91 dated 14.12.2023 and work order no.139 dated 07.02.2024 for the nature of works as mentioned in the said work orders, to the plaintiff.

3.1 It is further stated that the plaintiff, immediately after the award of work order, made all the necessary arrangements for the execution and completion of the award work order and completed the said work orders to the satisfaction of the defendant and the period prescribed for defect liability also passed over without any negative remark. It is further stated that the defendant completed the final measurement of the aforesaid work and recorded in the measurement books and same was accepted by the plaintiff and on the basis of the measurement books, the defendant prepared and passed the bills which were dully accepted by the plaintiff. Further as precondition of the award of works orders, the plaintiff had also deposited the earnest money and the defendant deducted the security amount in

the passed bills with respect to the work in question. The details of amount of 1st and final bill, date of passing and amount of security/earnest money for the works in questions are tabulated below:-

Sr. No.	Work Order No.	Amount of passed (first and final) bill in Rs.	Date of passing of bill	Amount of security/earnest money in Rs.
1	64 1 st & final bills	5,75,161	23.04.2024	66,773
2	66 1 st & final bills	1,45,758	23.04.2024	16,678
3	91 1 st & final bills	2,46,026	26.12.2024	6,649
4	139 1 st & final bills	1,64,182	31.07.2024	4,437
Total		11,31,127	94,537	
Grand total of passed bills and security amounts		11,31,127+ 94,537	12,25,664	

3.2 It is further stated that the defendant has released the amount of R.1,64,182/- on 13.01.2026, but the balance amount of Rs.10,61,482/- has not been released till date. It is further stated that as per Clause 9 of General Terms and Conditions, the defendant is liable to release the payment of the passed bills within a period of 6/9 months.

3.3 It is further stated that the plaintiff made several requests for release of the amount of passed bills and security amount, but

the defendant did not pay any heed to the request of plaintiff. Thereafter, the plaintiff got issued a legal notice dated 23.04.2025 thereby calling upon the defendant to release the passed bills amount of Rs.12,25,664/- alongwith interest @ 12% per annum within sixty days, but despite service of same, defendant neither replied the legal notice nor complied the same. It is further stated that the plaintiff has also exhausted the remedy of pre-institution mediation before DLSA, Central, Delhi vide application dated 14.07.2025 but the defendant did not turn up in the mediation proceedings and as such a Non-Starter Report was issued on 05.01.2026. Hence, the present suit.

4 Defendant contested the present suit by filing detailed written statement, while taking preliminary objections that the present suit is not maintainable as same is without any cause of action, and therefore, deserves to be rejected at the threshold. The present suit is premature as the bills in question are still under active processing at the accounts/finance wing of the defendant in accordance with audit requirements, budgetary allocation and internal formalities.

4.1 It is further alleged that the claim for interest @ 12% per annum is wholly misconceived and not maintainable. It is further stated that Clause 9 of the General Terms and Conditions (GCC) relied upon by the plaintiff only prescribes the time limit for release of the final bill and does not provide for payment of any interest on delayed payment. There is no contractual stipulation or statutory provision under the DMC Act for payment of interest, hence the interest claim is liable to be rejected.

4.2 It is further alleged that clause 45 of the GCC requires that

a contractor must submit a labour clearance certificate in order to seek refund of the security deposit and it is an admitted position that till date the plaintiff has never complied with requirements of labour clearance nor applied for or obtained the necessary labour clearance certificate as required under clause 45 of the GCC. As far as merits are concerned, the contents of plaint have been denied as wrong. It is thus requested to hold that no amount is presently due or payable in favour of the plaintiff and also to reject the claims of the plaintiff for interest, escalation and damages.

5 After completion of the pleadings, the following issues were framed vide order dated 13.04.2026:-

**1. Whether the plaintiff is entitled to decree in a sum of Rs.11,96,305 as prayed for?
OPP**

2. Whether the plaintiff is entitled to interest and if so, at what amount and for what period? OPP

3. Relief.

6 After framing of issues, the matter was fixed for plaintiff's evidence. To substantiate his claim, the plaintiff has examined himself as PW1 and tendered his affidavit as Ex.PW1/A and relied upon following documents:-

1. Copy of Registration Certificate as Ex.PW1/1.
2. Copy of GST Registration Certificate as Ex. PW1/2.
3. Copy of Work Order bearing no.64 dated 09/08/2023 as Ex.PW1/3.

4. Copy of Work Order bearing no.66 dated 16/08/2023 as Ex.PW1/4.
 5. Copy of Work Order bearing no.91 dated 14/12/2023 as Ex.PW1/5.
 6. Copy of Work Order bearing no.139 dated 07/02/2024 as Ex.PW1/6.
 7. Copy of 1st and final bill passed on 23/04/2024 for Work Order No.64 as Ex.PW1/7.
 8. Copy of 1st and final bill passed on 23/04/2024 for Work Order No.66 as Ex.PW1/8.
 9. Copy of 1st and final bill passed on 26/12/2024 for Work Order No.91 as Ex.PW1/9.
 10. Copy of 1st and final bill passed on 31/07/2024 for Work Order No.139 as Ex.PW1/10.
 11. Copy of the bills for Work Orders in question submitted by the plaintiff in the office of the executive engineer as Ex.PW1/11(Colly).
 12. The copy of the said GST Invoices for the Work Orders in question as Ex.PW1/12 (Colly).
 13. Copy of relevant pages of the general terms and conditions of MCD as Ex.PW1/13.
 14. Office Copy of Legal Notice dated 23/04/2025 along with original postal receipts as Ex.PW1/14 (Colly).
 15. Non-Starter Report as Ex.PW1/15.
- 7 PW1 has not been cross-examined on behalf of the defendant. No other witness was examined on behalf of the plaintiff and plaintiff's evidence was closed vide order dated 16.05.2026.

8 On the other hand, the defendant has examined Mr. Nishant Singh, its Assistant Engineer as DW1, who tendered his affidavit as Ex.DW1/A and reiterated the contents of the written statement. He relied upon the copy of payment details in respect of Work Orders in question as Mark A. No other witness was examined on behalf of the defendant, hence defendant's evidence was closed on 16.05.2026.

9 I have heard arguments on behalf of both the parties and perused the record. On perusal of record, my issue-wise findings are as follows:-

ISSUE NO.1 & 2

10 Issue no.1 & 2 are interconnected as such taken up together for disposal. Onus to prove these issues was upon the plaintiff and he had to prove that he is entitled to a decree for a sum of Rs.11,96,305/- alongwith interest.

11 PW1 in his examination in chief, proved on record the Copy of Work Order bearing no.64 dated 09/08/2023 as Ex.PW1/3; Copy of Work Order bearing no.66 dated 16/08/2023 as Ex.PW1/4; Copy of Work Order bearing no.91 dated 14/12/2023 as Ex.PW1/5; Copy of Work Order bearing no.139 dated 07/02/2024 as Ex.PW1/6; Copy of 1st and final bill passed on 23/04/2024 for Work Order No.64 as Ex.PW1/7; Copy of 1st and final bill passed on 23/04/2024 for Work Order No.66 as Ex.PW1/8; Copy of 1st and final bill passed on 26/12/2024 for Work Order No.91 as Ex.PW1/9; Copy of 1st and final bill passed on 31/07/2024 for Work Order No.139 as Ex.PW1/10; Copy of the bills for Work Orders in question submitted by the plaintiff in

the office of the executive engineer as Ex.PW1/11 (Colly); Copy of the said GST Invoices for the Work Orders in question as Ex.PW1/12 (Colly); Copy of relevant pages of the general terms and conditions of MCD as Ex.PW1/13 and Office Copy of Legal Notice dated 23/04/2025 along with original postal receipts as Ex.PW1/14 (Colly).

12 PW1 has not been cross-examined on behalf of the defendant. On the other hand, DW1 was cross-examined by the plaintiff, wherein he admitted that the plaintiff has executed the work in question as per NIT specifications and also that the defendant prepare and passes the bill on the basis of Measurement Book. He also admitted that the defendant releases the payment of the contractor on the basis of the bill prepared and passed and also that the bills which have been prepared and passed by the defendant has also been accepted by the plaintiff. He also admitted that as per the record no labour complaint is pending against the plaintiff and also that the demand for the release of the bill amount has already been raised to the headquarter. He also admitted that after the filing of the present suit the defendant has released the first and final bill of Rs.1,64,182/- for Work Order No. 139 and thereafter released first and final bill of Rs. 5,75,161/- for Work Order No. 164 in favour of the plaintiff. He also admitted that the defendant releases the payment of the contractors on the queue basis but denied the suggestion that the plaintiff is entitled for interest on account of delay in making payment.

13 During the course of arguments, Ld. Counsel for plaintiff argued that the plaintiff completed the work orders to the

satisfaction of the defendant and that there is no labour compliant against the plaintiff. He further submitted that the defendant has also passed the bills but did not release the payment, therefore, the plaintiff is entitled for suit amount alongwith interest. He further submitted that after filing of the present suit the defendant has released the first and final bill of Rs.1,64,182/- for work order no.139 and thereafter, released first and final bill of Rs.5,75,161/- for work order no.64 in favour of the plaintiff. Ld. Counsel for plaintiff further argued that the work was completed by the plaintiff to the satisfaction of defendant and despite that, payment against work orders no.66 and 91 alongwith security amount of Rs.94,537/- has also not been released. Hence, he requested to pass a decree in favour of the plaintiff and against the defendant in terms of prayers made in the plaint.

14 *Per contra*, it was argued on behalf of the defendant that the present suit is premature as the bills in question are still under active processing at the accounts department of the defendant in accordance with audit requirements, budgetary allocation and internal formalities. She further submitted that as per Clause 9 of the General Terms and Conditions (GCC) the plaintiff is not entitled for any interest on delayed payment. She further argued that Clause 17 of the GCC makes it clear that a contractor is required to wait for a period of 12 months from the submission of the final bills to reclaim the security amount deposited by him but since the plaintiff failed to submit the final bill, the stage for refund of the security deposit does not arise. She further submitted that Clause 45 of the GCC requires that a contractor must submit a labour clearance certificate in order to seek refund

of the security deposit but the the plaintiff has neither complied with requirements of labour clearance nor applied for or obtained the necessary labour clearance certificate as required under clause 45 of the GCC.

15 I have given my thoughtful consideration to the respective contentions of both the parties.

16 As far as execution of the work orders are concerned, the same are undisputed. It is also not in dispute that the plaintiff completed all the work orders at site as per NIT and that no labour complaint is pending in respect of work orders in question. The defendant has also passed 1st & final bills for all the work orders which are Ex.PW1/3 to Ex.PW1/6. Even payment of two bills were made by the defendant against work order no.139 and 64. When the work orders have already been completed by the plaintiff to the satisfaction of the defendant without any labour complaint and the defendant has already passed the bills of plaintiff, the defendant cannot withheld the amount of passed bills regarding work orders Ex.PW1/3 to Ex.PW1/6 as well as security deposit of Rs.94,537/-, on the plea of prematurity of suit or non-compliance of clauses 17 & 45 of the GCC.

17 It is an admitted fact that after filing of the present suit the defendant has released the first and final bill of Rs.1,64,182/- for work order no.139 and thereafter, released first and final bill of Rs.5,75,161/- for work order no.64 in favour of the plaintiff. The plaintiff has claimed Rs.11,31,127/- from the defendant towards work completed by him in respect of work orders Ex.PW1/3 to Ex.PW1/6. The plaintiff has already received the payment from

the defendant in a sum of Rs.7,39,343/- for work orders no.139 and 64 and now Rs.3,91,784/- (Rs.11,31,127 minus Rs.7,39,343) is outstanding against the defendant for work orders no.66 and 91.

18 Coming to the aspect of interest, the plaintiff has claimed interest @ 12% per annum on the entire amount. However, the plaintiff has not led any evidence in this regard. Hence, the plaintiff is granted interest in accordance with Section 34 CPC.

19 Section 34 of Code of Civil procedure 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, (with further interest at such rate not exceeding six percent 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:

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 percent 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.

20 Therefore, keeping in mind the prevailing rate of interest and nature of transaction, it would be proper and reasonable to grant pendente lite and future interest @ 6% per annum in view of Section 34 CPC.

21 As far as the security amount is concerned, the plaintiff shall also be entitled to interest @ 6% per annum on security amount of Rs.94,537/- from the date of filing of the suit till its realization.

22 Accordingly, these issues are decided in favour of the plaintiff and against the defendant i.e. Municipal Corporation of Delhi.

RELIEF

23 In view of my findings on aforementioned issues, the suit of plaintiff is decreed for a sum of Rs.4,86,321/- (i.e. Rs.1,45,758/- and Rs.2,46,026/- towards work orders no.66 and 91 and Rs.94,537/- towards security amount) in favour of the plaintiff and against the defendant i.e. Municipal Corporation of Delhi.

24 The plaintiff shall also be entitled to interest @ 6% per annum on the amount of bills i.e. Rs.1,45,758/- for work order no.66 and Rs.2,46,026/- for work order no.91 from the date of filing of the suit till the date of their realization.

25 The plaintiff shall also be entitled to interest @ 6% per annum on the security amount of Rs.94,537/- from the date of filing of suit till realization.

- 26 Costs of suit are also awarded in favour of the plaintiff.
- 27 Decree sheet be prepared accordingly.
- 28 File be consigned to Record Room after necessary compliance.

(Announced in open court on 08.06.2026).

(RAMESH KUMAR-II)
District Judge (Commercial Court)-08
Central District, Tis Hazari Courts,
Extension Block, Delhi.