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\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**% *Date of Decision: 7<sup>th</sup> January, 2026*

+ W.P.(C) 10351/2025 with CM APPL. 42925/2025

MS RAJENDER KUMAR GUPTA .....Petitioner

Through: Mr. Dheeraj Kumar Singh, Mr. Tarun  
Diwan, Ms. Pyari and Mr. Varun  
Gupta, Advocates.

versus

MUNICIPAL CORPORATION OF DELHI &  
ORS.

.....Respondents

Through: Ms. Sunieta Ojha, Ms. Vasudha  
Priyansha and Ms. Pragti Bhatia,  
Advocates for MCD.**CORAM:****HON'BLE MR. JUSTICE AMIT BANSAL****AMIT BANSAL, J. (Oral)**

1. The present writ petition has been filed seeking quashing and setting aside the debarment order bearing no. AO(Engg.)-II/G-IV/Cont./2025/D-156 dated 16<sup>th</sup> April, 2025 (hereinafter '*impugned order*') issued by the respondents as being arbitrary, illegal, and violative of the 'Rules for Enlistment of Contractor in MCD-2024' (hereinafter '*Enlistment Rules*') as well as against the principles of natural justice. By way of the impugned order, the petitioner has been blacklisted from participating in the bids/ e-tendering processes of MCD for a period of one year.

2. Briefly stated, the relevant facts for deciding the present writ petition are as follows:



2.1. The petitioner is a contractor and was first enlisted with MCD as a Class-V Contractor in the year 1972. Since then, the petitioner's enlistment has been continuously renewed from time to time.

2.2. The last renewal of the petitioner's enlistment was effected on 19<sup>th</sup> March, 2021 for a period of five years. Presently, the petitioner is enlisted with MCD as a Class-II Contractor with a tendering limit of Rs. 5 crores and has been undertaking various developmental works for MCD from time to time.

2.3. The respondent no.3 invited bids in respect of Notice Inviting Tender (NIT) for the work of 'Improvement of Maternity Home Centre in C-Block, Defence Colony' falling under Ward no.145 of the Central Zone of MCD.

2.4. The petitioner participated in the said bidding process and was declared the lowest bidder (L-1). Consequently, the bid submitted by the petitioner was accepted by the respondents.

2.5. The respondent no.3 thereafter issued a Work Order dated 30<sup>th</sup> January, 2024 in favour of the petitioner for a contractual value of Rs.26,85,735/- with a stipulated completion period of three months.

2.6. A show cause notice dated 21<sup>st</sup> June, 2024 was issued by MCD to the petitioner under clause 3 of the condition of contract. Subsequently, another show cause notice dated 24<sup>th</sup> June, 2024 was issued by the respondent to the petitioner under clause 2 of the condition of contract.

2.7. The aforesaid show cause notices were duly replied to by the petitioner.

2.8. Subsequently, an opportunity of personal hearing was given to the petitioner, which was followed by the impugned order being passed by MCD on 16<sup>th</sup> April, 2025.



3. It is the case of the petitioner that a formal agreement had to be entered into between the petitioner and the respondents in respect of which the petitioner issued letters dated 5<sup>th</sup> February, 2024 and 20<sup>th</sup> February, 2024 seeking execution of the said agreement.

4. It is contended that the petitioner also called upon the officials of MCD to hand over the vacant possession of the site. However, the same was not done. The petitioner also requested for closure of the contract in case of any difficulty in execution of a formal agreement and handing over the site to the petitioner.

5. It is also contended that the aforesaid show cause notices issued by MCD to the petitioner were in relation to the Work Order between the parties and did not contemplate blacklisting of the petitioner from participating in the bids/ e-tendering processes of MCD. The relevant extracts of the Enlistment Rules are set out below:

**“13.0 Disciplinary action**

*13.1 The contractor shall abide by all the rules of enlistment, and also by the terms and conditions of notice inviting tenders and contract. He shall execute the works with due diligence and strictly as per the contract conditions and specifications. Where the contractor has made himself liable for disciplinary action, the Enlistment Authority shall have the right to debar the defaulting contractor from participating in tender process for a period not exceeding two years (CPWD Manual) based on the recommendations of Disciplinary Committee...*

*13.2 The authority shall initiate disciplinary case against an enlisted contractor either suomoto or on the receipt of a written request from an officer not below the rank of Executive Engineer, and forward it to the Disciplinary Committee for consideration. **The Disciplinary Committee shall consider the disciplinary case on the basis of documents, facts, and circumstances, shall direct to authority for issue a show cause notice to the contractor, and allow him personal hearing if necessary, and forward its recommendations to the Disciplinary Authority. The***



*Disciplinary Authority shall take a decision on the basis of the recommendations of the Enlistment Authority. The decision of the enlisting authority shall be final and binding on the contractor. (as per circular dated 24.08.2022).”*

[emphasis supplied]

6. A perusal of the aforesaid Enlistment Rules would also show that blacklisting of a contractor can only be done in a particular manner by a Disciplinary Committee appointed by MCD after issuance of a show cause notice.

7. Counsel for the petitioner places reliance on ***Erusian Equipment & Chemicals Ltd. v. State of West Bengal and Another***, (1975) 1 SCC 70, to highlight the impact of blacklisting on a contractor and the principles to be followed before passing an order in that regard. The relevant observations of the Supreme Court, in ***Erusian Equipment & Chemicals*** (supra), are set out below:

*“12. ...The order of blacklisting has the effect of depriving a person of equality opportunity in the matter of public contract. A person who is on the approved list is unable to enter into advantageous relations with the Government because of the order of blacklisting. A person who has been dealing with the Government in the matter of sale and purchase of materials has a legitimate interest or expectation. When the State acts to the prejudice of a person it has to be supported by legality.*

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*15. ...The blacklisting order involves civil consequences. It casts a slur. It creates a barrier between the persons blacklisted and the Government in the matter of transactions. The blacklists are “instruments of coercion”.*

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*20. Blacklisting has the effect of preventing a person from the privilege and advantage of entering into lawful relationship with the Government for purposes of gains. The fact that a disability is created by the order of blacklisting indicates that the relevant authority is to have an objective satisfaction. Fundamentals of fair play require that the person concerned*



*should be given an opportunity to represent his case before he is put on the blacklist.”*

8. The judgment in *Erusian equipment & chemicals* (supra) was followed by the Supreme Court more recently in *UMC Technologies Private Limited v. Food Corporation of India and Another*, (2021) 2 SCC 551. The relevant observations of the Court in *UMC Technologies* (supra) are set out below:

*“21. Thus, from the above discussion, a clear legal position emerges that for a show-cause notice to constitute the valid basis of a blacklisting order, such notice must spell out clearly, or its contents be such that it can be clearly inferred therefrom, that there is intention on the part of the issuer of the notice to blacklist the notice. Such a clear notice is essential for ensuring that the person against whom the penalty of blacklisting is intended to be imposed, has an adequate, informed and meaningful opportunity to show cause against his possible blacklisting.*

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*25. The mere existence of a clause in the bid document, which mentions blacklisting as a bar against eligibility, cannot satisfy the mandatory requirement of a clear mention of the proposed action in the show-cause notice...”*

9. A perusal of the show cause notices issued by MCD in the present case shows that the same were issued under clauses 2 and 3 of the condition of contract and contemplated action in terms of the agreement. The aforesaid show cause notices did not contemplate taking any action against the petitioner for blacklisting.

10. Admittedly, the requirements under the Enlistment Rules have not been complied with in the present case. As a result of its blacklisting, the petitioner has been deprived of an equal opportunity in participating in public contracts and even more so, without being given a due opportunity of being heard.



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11. In my view, the impugned order dated 16<sup>th</sup> April, 2025 is *ex-facie* illegal and arbitrary.
12. Consequently, the present writ petition is allowed and the impugned order is set aside.
13. The writ petition is disposed of in the aforesaid terms.
14. All pending applications stand disposed of.

**AMIT BANSAL, J**

**JANUARY 7, 2026**

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