BEFORE THE HARYANA REAL ESTATE REGULATORY AUTHORITY, GURUGRAM

Complaint no.	**:**	**4595 of 2021**
First date of hearing:		**04.02.2022**
Date of decision	**:**	**11.07.2022**

1. Sandeep Gulati s/o Ram Prakash Gulati
R/O: - 3B, Building – 8, The Hibiscus, Sector – 50, Gurugram, Haryana
2. Vivek Arora s/o Subhash Chandra Arora
R/O: - A-1104, Park View City – 1, Sohna Road, Sector – 48, Gurugram, Haryana
3. Meenal Grover s/o Pawan Kumar Grover
R/O: - N-4/22, DLF Phase – 2, Near DLF Square Building, Sikanderpur Ghosi, DLF QE, Gurugram **Complainants**

Versus

Shree Vardhman Infraheights Pvt. Ltd.,
302, 3rd floor, Indraprakash Building, 21-Barakhamba Road, New Delhi - 110001 **Respondent**

CORAM:
Dr. K.K. Khandelwal **Chairman**
Shri Vijay Kumar Goyal **Member**

APPEARANCE:
Mr. Dhruv Dutt Sharma Advocate for the complainants
Mr. Gaurav Rawat Advocate for the respondent

ORDER

1. The present complaint dated 20.12.2021 has been filed by the complainants/allottees under section 31 of the Real Estate (Regulation and Development) Act, 2016 (in short, the Act) read with rule 28 of the Haryana Real Estate (Regulation and Development) Rules, 2017 (in short, the Rules)

for violation of section 11(4)(a) of the act wherein it is inter alia prescribed that the promoter shall be responsible for all obligations, responsibilities and functions under the provision of the act or the rules and regulations made there under or to the allottee as per the agreement for sale executed inter se.

A. Unit and project related details

2. The particulars of unit details, sale consideration, the amount paid by the complainants, date of proposed handing over the possession, delay period, if any, have been detailed in the following tabular form:

S. No.	Heads	Information
1.	Name and location of the project	"Shree Vardhman Victoria", village Badshapur, Sector-70, Gurugram
2.	Project area	10.9687 acres
3.	Nature of the project	Group housing colony
4.	DTCP license no. and validity status	103 of 2010 dated 30.11.2010 valid upto 29.11.2020
5.	Name of the Licensee	Santur Infrastructures Pvt. Ltd.
6.	RERA registered/ not registered and validity status	**Registered** Registered vide no. 70 of 2017 dated 18.08.2017 Valid upto 31.12.2020
7.	Unit no.	304, Tower - E (Annexure- A on page no. 20 of the reply)

8.	Unit admeasuring	1950 sq. ft. (Annexure- A on page no. 20 of the reply)
9.	Date of flat buyer's agreement	03.03.2015 (Annexure- A on page no. 17 of the reply)
11.	Payment plan	Construction linked payment plan (Annexure- A on page no. 36 of the reply)
12.	Total consideration	Rs. 1,15,75,800/- (Annexure- B on page no. 38 of the reply)
13.	Total amount paid by the complainants	Rs. 60,68,596/- (Annexure- B on page no. 45 of the reply)
14.	Date of commencement of construction	07.05.2014 (As alleged by the respondent on page 5 of reply)
15.	Possession clause	**14(a)** The construction of the flat is likely to be completed **within a period of 40 months of commencement of construction of the particular tower/ block in which the subject flat is located with a grace period of 6 months**, on receipt of sanction of the building plans/ revised plans and all other approvals subject to force majeure including any restrains/ restrictions from any authorities, non-availability of building materials or dispute with construction agency/ workforce and circumstances beyond the control of company and subject to timely payments by the buyer(s) in the said complex.

		(Emphasis supplied)
16.	Due date of delivery of possession	07.03.2018 (Calculated from the date of commencement of construction)
17.	Occupation certificate	Not obtained
18.	Offer of possession	Not offered
19.	Delay in handing over of possession till date of order i.e.,11.07.2022	4 years, 4 months, 3 days
20.	Grace period utilization	Grace period is allowed in the present complaint.

B. Facts of the complaint

3. That the complainants are law abiding citizens and have full faith in the law of land. The respondent had advertised the project through flyers, catalogues, magazines, brokers, newspapers etc. for persuading the public to invest in the project. The complainants by way of advance registration form registered themselves in the proposed group housing scheme and accordingly paid Rs. 10,31,000/- towards the booking amount. The total cost of the Unit was **Rs. 1,15,75,800/-** including external development charges (EDC), infrastructure development charges (IDC), preferential

location charges (PLC), club membership and parking. That soon after the booking, another sum of Rs. 10,53,232/- was paid by the complainant No. 1 to the respondent and an allotment letter dated 25.12.2012 was issued by the respondent, wherein he was allotted a residential apartment bearing no. E-304 measuring 1950 sq. ft. in the aforesaid project.

4. That subsequently the respondent raised various demands from the complainants from time to time which were paid by them and have also been acknowledged by various receipts issued by the respondent. That a sum of Rs. 34,25,354/- was adjusted from D-104 (other Unit booked by the complainant No. 3) to the present unit and the same was acknowledged vide receipt bearing no. 3359 dated 30.01.2015. That a sum of Rs. 9,83,312/- was adjusted against brokerage of G-Vector realty (proprietorship concern of complainant No. 2) to the present unit and the same was acknowledged vide receipt bearing no. 3461 dated 26.02.2015 and 3727 dated 01.05.2015. That all the complainants are known to each other and as a mutual understanding between them, the name of all the complainants was added to the present unit and a flat buyer's agreement dated 03.03.2015 was executed between the complainants and respondent. That till date, the complainants have paid a sum of Rs. 65,02,547/- It is pertinent to mention here that the respondent has charged exorbitant interest @ 24% p.a. from the complainants on late payment. That as per clause 14(a) of the agreement, the possession of the apartment was to be offered to the complainants within a period of 40 months of commencement of construction plus grace period of 6 months. That the construction work (excavation) started on 16.04.2014 and as such the period of 46 months has to be computed from 16.04.2014 which comes to 15.02.2018. However, even after a delay of 3½ years, the respondent has not offered possession to the complainants.

5. That the complainants are ready to pay the balance amount to the respondent after the adjustment of delay possession charges. It is pertinent to mention here that despite paying such huge amount, the complainants were never apprised about the actual development status by the respondent despite repeated requests and as such, they have no option but to stop making the payments to the respondent.
6. That as per clause 14(b) of the agreement, if the respondent fails to complete the construction by the end of the grace period, it shall be liable to pay compensation @ Rs. 10/- sq. ft. of the super area of the apartment per month for the entire period of such delay. However, it is stated that the delay possession charges offered by the respondent are not in line with the provisions of the Real Estate (Regulation & Development) Act, 2016. The conduct of the respondent has resulted in wrongful loss to the complainants and wrongful gain to the respondent herein, for which it is even liable to be prosecuted under the penal law. That the aforesaid acts of the respondent would show that the respondent is not only indulging in unfair trade practices but is also guilty of rendering deficient services to the complainants. The acts of the respondent are causing great hardship and mental agony to the complainants, and they have no other option but to approach this Hon'ble Authority for the recovery of the interest on account of delay in handing over the possession.
7. That the present complaint has been filed by the complainants without prejudice to claim further damages suffered by them on account of inordinate delay committed by the respondent in handing over the possession of the allotted apartment, by filing their claim under the RERA Act 2016.

C. Relief Sought

This Authority may be pleased to direct the respondent as follows:

a. A direction be given to the respondent to handover the possession of the apartment to the complainants. Further, the respondent may also be directed to get the conveyance deed registered in their favour.
b. The delay possession charges may kindly be ordered to be adjusted against the balance sale consideration.
c. Further, the excess payment collected by the respondent from the complainants on account of interest on late payment may kindly be ordered to be adjusted against the balance sale consideration.

D. Reply by the respondent

8. The present complaint filed under Section 31 of the Real Estate **"RERA Act"** is not maintainable under the said provision. The respondent has not violated any of the provisions of the Act. As per rule 28(1) (a) of RERA Rules, a complaint under section 31 of RERA Act can be filed for any alleged violation or contravention of the provisions of the RERA Act after such violation and/or contravention has been established after an enquiry made by the Authority under Section 35 of RERA Act. In the present case, no violation/contravention has been established by the Authority under Section 35 of RERA Act and as such, the complaint is liable to be dismissed.
9. The complainants have sought reliefs under section 18 of the RERA Act, but the said section is not applicable in the facts of the present case and as such, the complaint deserves to be dismissed. It is submitted that the operation of Section 18 is not retrospective in nature and the same cannot be applied to the transactions which were entered prior to the RERA Act came into force.

The complaint as such cannot be adjudicated under the provisions of RERA Act.

10. That the expression "**agreement to sell**" occurring in Section 18(1)(a) of the RERA Act covers within its folds only those agreements to sell that have been executed after RERA Act came into force and the FBA executed in the present case is not covered under the said expression, the same having been executed prior to the date the Act came into force.

11. It is submitted without prejudice to above objection that in case of agreement to sell executed prior to RERA coming into force, the dates for delivery of possession committed therein cannot be taken as trigger point for invocation of Section 18 of the Act. When the parties executed such agreements, section 18 was not in picture and as such the drastic consequences provided under section 18 cannot be applied in the event of breach of committed date for possession given in such agreements. On this ground also, the present complaint is not maintainable.

12. That the FBA executed in the present case did not provide any definite date or time frame for handing over of possession of the Apartment to the complainants and on this ground alone, the refund and/or compensation and/or interest cannot be sought under RERA Act. Even clause 14 (a) of the FBA merely provides a tentative/estimated period for completion of construction of the Flat and filing of application for Occupancy Certificate with the concerned Authority. After completion of construction, the respondent was to make an application for grant of Occupation Certificate (OC) and after obtaining the OC, the possession of the flat was to be handed over.

13. The relief sought by the complainants is in direct conflict with the terms and conditions of the FBA and on this ground alone the complaint deserves to be dismissed. The complainants cannot be allowed to seek any relief which is in

conflict with the said terms and conditions of the FBA. It is submitted that delivery of possession by a specified date was not essence of the FBA and the complainants were aware that the delay in completion of construction beyond the tentative time given in the contract was possible. Even the FBA containss provisions for grant of compensation in the event of delay. As such, it is submitted without prejudice that the alleged delay on part of respondent in delivery of possession, even if assumed to have occurred, cannot entitle the complainants to ignore the agreed contractual terms and to seek interest and/or compensation on any other basis. It is submitted without prejudice that the alleged delay in delivery of possession, even if assumed to have occurred, cannot entitle the complainants to rescind the FBA under the contractual terms or in law. It is submitted that issue of grant of interest/compensation for the loss occasioned due to breach committed by one party of the contract is squarely governed by the provisions of section 73 and 74 of the Contract Act, 1872 and no compensation can be granted de-hors the said sections on any ground whatsoever. A combined reading of the said sections makes it amply clear that if the compensation is provided in the contract itself, then the party complaining the breach is entitled to recover from the defaulting party only a reasonable compensation not exceeding the compensation prescribed in the contract and that too upon proving the actual loss and injury due to such breach/default. On this ground, the compensation, if at all to be granted to the complainants, cannot exceed the compensation provided in the contract itself. The complaint is not in the prescribed format and is liable to be dismissed on this ground alone.

14. The complainants are investors in real estate and the booking in question was also made as an investment and not for their occupation. The flat was originally booked by Sh. Sandeep Gulati i.e., the complainant no.1 and

however later on, the names of Sh. Vivek Arora i.e., complainant no.2 and Mr. Meenal Grover i.e., complainant no.3 were added as co-applicants as per their request. Mr. Vivek Arora is a real estate broker who has worked as commission agent for the project in question and also as proprietor of "G-Vector". He even got his brokerage commission adjusted against the sale consideration of the flat in question on two occasions i.e., in Feb 2015 when he got his commission of Rs. 2,09,508 adjusted and in Apr-2015 when he got Rs. 7,73,804 adjusted from his brokerage against the flat in question. The complainant No.3 had originally booked another Flat i.e., Flat No. D-104 in the same project and as per his request, an amount of Rs. 34,25,354/- paid by him against the Flat No. D-104 was adjusted against the flat in question i.e., E-304. As on date the flat stand in the names of three different individuals not related to each other which clearly shows that the flat has been booked for commercial purpose only.

15. Copies of all the relevant documents have been duly filed and placed on the record. Their authenticity is not in dispute. Hence, the complaint can be decided on the basis of these undisputed documents and submissions made by the parties.

E. Jurisdiction of the authority

The authority observes that it has territorial as well as subject matter jurisdiction to adjudicate the present complaint for the reasons given below.

E.I Territorial jurisdiction

16. As per notification no. 1/92/2017-1TCP dated 14.12.2017 issued by Town and Country Planning Department, the jurisdiction of Real Estate Regulatory Authority, Gurugram shall be entire Gurugram District for all purpose with offices situated in Gurugram. In the present case, the project in question is

situated within the planning area of Gurugram District. Therefore, this authority has complete territorial jurisdiction to deal with the present complaint.

E.II Subject matter jurisdiction

The Section 11(4)(a) of the Act, 2016 provides that the promoter shall be responsible to the allottee as per agreement for sale. Section 11(4)(a) is reproduced as hereunder:

> ***Section 11(4)(a)***
>
> *Be responsible for all obligations, responsibilities and functions under the provisions of this Act or the rules and regulations made thereunder or to the allottees as per the agreement for sale, or to the association of allottees, as the case may be, till the conveyance of all the apartments, plots or buildings, as the case may be, to the allottees, or the common areas to the association of allottees or the competent authority, as the case may be;*
>
> ***Section 34-Functions of the Authority:***
>
> *34(f) of the Act provides to ensure compliance of the obligations cast upon the promoter, the allottees and the real estate agents under this Act and the rules and regulations made thereunder.*

17. So, in view of the provisions of the act quoted above, the authority has complete jurisdiction to decide the complaint regarding non-compliance of obligations by the promoter leaving aside compensation which is to be decided by the adjudicating officer if pursued by the complainants at a later stage.

F. Findings on the objections raised by the respondent

F. I Objection regarding jurisdiction of authority w.r.t. buyer's agreement executed prior to coming into force of the Act

18. Another contention of the respondent is that authority is deprived of the jurisdiction to go into the interpretation or rights of the parties inter-se in accordance with the apartment buyer's agreement executed between the parties and no agreement for sale as referred to under the provisions of the act or the said rules has been executed inter se parties. The authority is of the view that the act nowhere provides, nor can be so construed, that all previous agreements will be re-written after coming into force of the act. Therefore, the provisions of the act, rules and agreement have to be read and interpreted harmoniously. However, if the act has provided for dealing with certain specific provisions/situation in a specific/particular manner, then that situation will be dealt with in accordance with the act and the rules after the date of coming into force of the act and the rules. Numerous provisions of the act save the provisions of the agreements made between the buyers and sellers. The said contention has been upheld in the landmark judgment of ***Neelkamal Realtors Suburban Pvt. Ltd. Vs. UOI and others. (W.P 2737 of 2017)*** decided on 06.12.2017 which provides as under:

> *"119. Under the provisions of Section 18, the delay in handing over the possession would be counted from the date mentioned in the agreement for sale entered into by the promoter and the allottee prior to its registration under RERA. Under the provisions of RERA, the promoter is given a facility to revise the date of completion of project and declare the same under Section 4. The RERA does not contemplate rewriting of contract between the flat purchaser and the promoter.....*
>
> *122. We have already discussed that above stated provisions of the RERA are not retrospective in nature. They may to some extent be having a retroactive or quasi retroactive effect but then on that ground the validity of the provisions of RERA cannot be challenged. The Parliament is competent enough to legislate law having retrospective or retroactive effect. A law can be even framed to affect subsisting / existing contractual rights between the parties in the larger public interest. We do not have any doubt in our mind that the RERA has been framed in the larger public interest after a thorough*

study and discussion made at the highest level by the Standing Committee and Select Committee, which submitted its detailed reports."

19. Further, in appeal no. 173 of 2019 titled as ***Magic Eye Developer Pvt. Ltd. Vs. Ishwer Singh Dahiya***, in order dated 17.12.2019 the Haryana Real Estate Appellate Tribunal observed- as under

> *"34. Thus, keeping in view our aforesaid discussion, we are of the considered opinion that the provisions of the Act are quasi retroactive to some extent in operation and will be applicable to the agreements for sale entered into even prior to coming into operation of the Act where the transaction are still in the process of completion. Hence in case of delay in the offer/delivery of possession as per the terms and conditions of the agreement for sale the allottee shall be entitled to the interest/delayed possession charges on the reasonable rate of interest as provided in Rule 15 of the rules and one sided, unfair and unreasonable rate of compensation mentioned in the agreement for sale is liable to be ignored."*

20. The agreements are sacrosanct save and except for the provisions which have been abrogated by the act itself. Further, it is noted that the builder-buyer agreements have been executed in the manner that there is no scope left to the allottee to negotiate any of the clauses contained therein. Therefore, the authority is of the view that the charges payable under various heads shall be payable as per the agreed terms and conditions of the agreement subject to the condition that the same are in accordance with the plans/permissions approved by the respective departments/competent authorities and are not in contravention of any other Act, rules, statutes, instructions, directions issued thereunder and are not unreasonable or exorbitant in nature.

F.II Objection regarding entitlement of delayed possession charges on account of complainants being investors.

21. The respondent has taken a stand that the complainants are the investors and not consumers, therefore, they are not entitled to the protection of the Act and thereby not entitled to file the complaint under section 31 of the Act.

The respondent also submitted that the preamble of the Act states that the Act is enacted to protect the interest of consumers of the real estate sector. The authority observed that the respondent is correct in stating that the Act is enacted to protect the interest of consumers of the real estate sector. It is settled principle of interpretation that preamble is an introduction of a statute and states main aims & objects of enacting a statute but at the same time preamble cannot be used to defeat the enacting provisions of the Act. Furthermore, it is pertinent to note that any aggrieved person can file a complaint against the promoter if the promoter contravenes or violates any provisions of the Act or rules or regulations made thereunder. Upon careful perusal of all the terms and conditions of the flat buyer's agreement, it is revealed that the complainants are buyer and they have paid total price of Rs.60,68,596/- to the promoter towards purchase of an apartment in the project of the promoter. At this stage, it is important to stress upon the definition of term allottee under the Act, the same is reproduced below for ready reference:

> *"2(d) "allottee" in relation to a real estate project means the person to whom a plot, apartment or building, as the case may be, has been allotted, sold (whether as freehold or leasehold) or otherwise transferred by the promoter, and includes the person who subsequently acquires the said allotment through sale, transfer or otherwise but does not include a person to whom such plot, apartment or building, as the case may be, is given on rent;"*

22. In view of above-mentioned definition of "allottee" as well as all the terms and conditions of the flat buyer's agreement executed between promoter and complainants, it is crystal clear that the complainants are allottee(s) as the subject unit was allotted to them by the promoter. The concept of investor is not defined or referred in the Act. As per the definition given

under section 2 of the Act, there will be "promoter" and "allottee" and there cannot be a party having a status of "investor". The Maharashtra Real Estate Appellate Tribunal in its order dated 29.01.2019 in ***appeal no. 0006000000010557 titled as M/s Srushti Sangam Developers Pvt. Ltd. Vs. Sarvapriya Leasing (P) Lts. And anr.*** has also held that the concept of investor is not defined or referred in the Act. Thus, the contention of promoter that the allottee being an investor is not entitled to protection of this Act also stands rejected.

23. **Admissibility of delay possession charges at prescribed rate of interest:** The complainants are seeking delay possession charges at the prescribed rate and proviso to section 18 provides that where an allottee does not intend to withdraw from the project, he shall be paid, by the promoter, interest for every month of delay, till the handing over of possession, at such rate as may be prescribed and it has been prescribed under rule 15 of the rules. Rule 15 has been reproduced as under:

> ***Rule 15. Prescribed rate of interest- [Proviso to section 12, section 18 and sub-section (4) and subsection (7) of section 19]***
>
> *(1) For the purpose of proviso to section 12; section 18; and sub-sections (4) and (7) of section 19, the "interest at the rate prescribed" shall be the State Bank of India highest marginal cost of lending rate +2%.:*
>
> *Provided that in case the State Bank of India marginal cost of lending rate (MCLR) is not in use, it shall be replaced by such benchmark lending rates which the State Bank of India may fix from time to time for lending to the general public.*

24. The legislature in its wisdom in the subordinate legislation under the provision of rule 15 of the rules, has determined the prescribed rate of interest. The rate of interest so determined by the legislature, is reasonable

and if the said rule is followed to award the interest, it will ensure uniform practice in all the cases.

25. Consequently, as per website of the State Bank of India i.e., https://sbi.co.in, the marginal cost of lending rate (in short, MCLR) as on date i.e., 11.07.2022 is 7.50%. Accordingly, the prescribed rate of interest will be marginal cost of lending rate +2% i.e., 9.50%.

26. The definition of term 'interest' as defined under section 2(za) of the act provides that the rate of interest chargeable from the allottee by the promoter, in case of default, shall be equal to the rate of interest which the promoter shall be liable to pay the allottee, in case of default. The relevant section is reproduced below:

> *"(za) "interest" means the rates of interest payable by the promoter or the allottee, as the case may be.*
> *Explanation. —For the purpose of this clause—*
> *(i) the rate of interest chargeable from the allottee by the promoter, in case of default, shall be equal to the rate of interest which the promoter shall be liable to pay the allottee, in case of default;*
> *(ii) the interest payable by the promoter to the allottee shall be from the date the promoter received the amount or any part thereof till the date the amount or part thereof and interest thereon is refunded, and the interest payable by the allottee to the promoter shall be from the date the allottee defaults in payment to the promoter till the date it is paid;"*

27. Therefore, interest on the delay payments from the complainants shall be charged at the prescribed rate i.e., 9.50% by the respondent/promoter which is the same as is being granted to the complainants in case of delayed possession charges.

28. On consideration of the documents available on record and submissions made by both the parties regarding contravention of provisions of the Act, the authority is satisfied that the respondent is in contravention of the section 11(4)(a) of the act by not handing over possession by the due date as per the

agreement. By virtue of clause 14(a) of the agreement executed between the parties on 03.03.2015, the possession of the subject apartment was to be delivered within stipulated time i.e., by 07.03.2018. As far as grace period is concerned, the same is allowed for the reasons quoted above. The respondent has delayed in offering the possession and the same is not offered till date. Accordingly, it is the failure of the respondent/promoter to fulfil its obligations and responsibilities as per the agreement to hand over the possession within the stipulated period. Accordingly, the non-compliance of the mandate contained in section 11(4)(a) read with proviso to section 18(1) of the act on the part of the respondent is established. As such, the allottees shall be paid, by the promoter, interest for every month of delay from due date of possession i.e., 07.03.2018 till date of offer of possession or date of handing over of possession whichever is earlier at prescribed rate i.e., 9.50 % p.a. as per proviso to section 18(1) of the act read with rule 15 of the rules.

G. Directions of the authority

29. Hence, the authority hereby passes this order and issues the following directions under section 37 of the act to ensure compliance of obligations cast upon the promoter as per the function entrusted to the authority under section 34(f):

i. The complainants are entitled to delayed possession charges as per the proviso of section 18(1) of the Real Estate (Regulation and Development) act, 2016 at the prescribed rate of interest i.e., 9.50%p.a. for every month of delay on the amount paid by them to the respondent from the due date of possession i.e., 07.03.2018 till date of offer of possession or date of handing over of possession whichever is earlier.

ii. The promoter shall not charge anything which is not part of the BBA and of any payment is due from the complainants, it shall be adjusted from

the amount of delayed possession charges.

iii. The rate of interest chargeable from the allottees by the promoter, in case of default shall be charged at the prescribed rate i.e., 9.50% by the respondent/promoter which is the same rate of interest which the promoter shall be liable to pay the allottee, in case of default i.e., the delayed possession charges as per section 2(za) of the Act.

iv. The respondent is directed to offer the possession of the allotted unit within 30 days after obtaining OC from the concerned authority. The complainants w.r.t. obligation conferred upon them under section 19(10) of Act of 2016, shall take the physical possession of the subject unit, within a period of two months of the occupancy certificate.

30. Complaint stands disposed of.

31. File be consigned to registry.

(Vijay Kumar Goyal)
Member

(Dr. K.K. Khandelwal)
Chairman

Haryana Real Estate Regulatory Authority, Gurugram
Dated: 11.07.2022