

**BEFORE THE HARYANA REAL ESTATE REGULATORY
AUTHORITY, GURUGRAM**

Complaint no.	:	3884 of 2020
Date of filing complaint:	:	10.11.2020
First date of hearing	:	22.12.2020
Date of decision	:	12.04.2022

Mr. Tarun Bhargava Ms. Vandana Bhargava Both RR/o: H.no: 2431, Sector 10A, Gurugram-122001(HR).	Complainants
Versus	
M/s Vatika Limited R/o: Vatika Triangle, 4 th floor, Sushant Lok, Phase-I, Block A, Mehrauli Gurgaon Road, Gurugram-122002, Haryana. also at: Vatika INXT City Centre, Vatika India Next, Sector-83, Gurugram-122012(HR)	Respondent

CORAM:	
Dr. K.K. Khandelwal	Chairman
Shri Vijay Kumar Goyal	Member
APPEARANCE:	
Shri Gaurav Bhardwaj (Advocate)	Complainants
Sh. Venket Rao (Advocate)	Respondent

ORDER

1. The present complaint 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 allottees as per the agreement for sale executed inter se.

A. Unit and project related details

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

S.No.	Heads	Information
1.	Project name and location	"Gurgaon 21" Vatika India Next, Sector 83, Gurugram
2.	Project area	11.8 acres
3.	Nature of the project	Residential group housing complex
4.	DTCP license no. and validity status	83 of 2009 dated 07.12.2009 valid up to 06.12.2024 84 of 2008 dated 11.04.2008 valid up to 10.04.2020
5.	Name of licensee	M/s Mark Buildtech Pvt. Ltd. & M/s Growmore Buildtech Pvt. Ltd.
6.	RERA Registered/ not registered	Not registered
7.	Date of execution of apartment buyer's agreement	11.04.2009 (page 44 of complaint)
8.	Unit no.	Ggn-21/A-904, 9 th floor, block A (page 47 of complaint)
9.	Unit measuring (super area)	2337.18 sq.ft.
10.	Addendum to the apartment buyer's agreement	06.04.2011 (annexure P/3, page 91 of complaint)
11.	New unit as per addendum to the agreement	A/1102 (annexure P/3, page 91 of complaint)



12.	New area	2408.23 sq.ft.
13.	Subsequent allottee namely Tarun Bhargava & Vandana Bhargava	Date not mentioned (page 87 of complaint)
14.	Transfer letter by the respondent to the complainants	22.02.2011 (annexure P/2, page 90 of complaint)
15.	Payment plan	Construction linked payment plan (page 74 of complaint)
16.	Total sale consideration	Rs. 77,50,970/- (as per statement of account dated 08.07.2016 at page 92, annexure P/4 of complaint)
17.	Total amount paid by the complainants	Rs. 73,04,974 /- (as per statement of account dated 08.07.2016 at page 92, annexure P/4 of complaint)
18.	Due date of delivery of possession <i>Clause 10.1 The company based on its present plans and estimates and subject to all just exceptions, contemplates to complete construction of the said Building / said Apartment within a period of three years from the date of execution of this agreement.</i>	11.04.2012
19.	Offer of possession	04.11.2016 (annexure P/6, page 101 of complaint)
20.	Handing over the possession	29.11.2016 (annexure P/7, page 102 of complaint)
21.	Occupation Certificate	Not obtained

B. Facts of the complaint:

3. That somewhere around 2008-2010, the respondent advertised about its new residential group housing project namely "Gurgaon 21" located in Vatika India Next, Sector-83, Gurugram. The respondent painted a rosy picture of the project in its advertisement making tall claims and representing that the project



aims at providing lush, landscaped greenery and contemporary architecture, claiming that Gurgaon 21 blends the dynamism of a cosmopolitan lifestyle with the serenity of a well-planned, premium neighbourhood. The tagline of the project as advertised by the respondent was "Living in the 21st century".

4. Relying on the abovesaid representations of the respondent company, the original owner/first buyer namely Smt. Jyoti Chhabria and Sh. Vinod Kumar Chhabria booked an apartment in the said project by paying the booking amount of Rs. 3,50,000/- towards the said apartment. Accordingly, an apartment buyer agreement dated 11.04.2009 was executed between the said erstwhile owner and the respondent for unit bearing no. A-904, located on 9th floor, in block A admeasuring a super area of 2337.18 sq.ft. Thereafter, believing the false assurances and misleading representations of the respondent in their advertisements and brochure and relying upon the goodwill of the respondent, in January 2011, the complainants purchased the aforesaid residential flat from the said first buyers by making substantial payment to the first buyers.
5. On 22.02.2011, the respondent issued a transfer letter thereby transferring the unit in question in favour of the complainants and also made an endorsement in the apartment buyer agreement dated 11.04.2009 in favour of the complainants. Accordingly, they herein are subsequent allottees of flat bearing no. A-904 as earlier it was in the name of first buyers. After making substantial payment to the original allottees stepped into the shoes of original allottees. The respondent endorsed the apartment buyer

agreement dated 11.04.2009 in favour of the complainants and further endorsed all the payment receipts in favour of the complainants which were earlier issued in favour of the earlier allottees. Thereafter, vide addendum to apartment buyer's agreement dated 06.04.2011, the respondent changed the allotted apartment from "A-904" to "A-1102" on account of change in layout plan/zoning plan/building plan because of which the earlier unit was no more a part of the sanctioned plans and accordingly, a new unit bearing no. A-1102 on 11th floor, in block A, admeasuring super area of 2408.23 sq.ft. was allotted to the complainants.

6. That the complainants have paid a total sum of Rs. 79,01,273/- towards the aforesaid residential unit/flat in the project till date as and when demanded by the respondent, as against a total sale consideration of Rs. 77,50,970/-. As per clause 10.1 r/w clause 10.2 of the said apartment buyer's agreement dated 11.04.2009, the respondent proposed to complete construction, apply and obtain occupation certificate from the competent authority and handover the possession of the unit in question within a period of 3 years from the date of execution of said agreement i.e., by 11.04.2012. However, the respondent miserably failed in handing over possession in accordance with the said agreement.
7. That though the booking was made in 2009 and possession was supposed to be handed over in 2012, till the due date as per agreement, i.e., 11.04.2012, the project was nowhere nearing completion. Thereafter, in mid-2013, the complainants asked the respondent as to the date of handing over, but to no avail as no concrete reply was given by the said respondent. Thereafter, the

complainants kept contacting the respondent on several occasions by way of emails, call as well as personal visits, seeking an update on the construction status and if the requisite sanctions and approvals had been obtained but all in vain.

8. It is submitted that throughout this period, the complainants along with the other apartment owners regularly and repeatedly followed up with the representatives of the respondent and enquired about the status of the project. However, the representatives of the respondent on every occasion made false and vague assurances that the possession of the flat would be delivered soon and kept on prolonging the matter unjustifiably without any convincing reason thereby inflicting great mental agony and hardship upon the complainants.
9. The complainants had asked the respondent to clarify about the one-sided and unfair clauses in the agreement, namely stark contrast between the interest being charges by the respondent on the delayed payments and the delayed possession charges for which the complainants were entitled on account of delay in handing over possession in violation of the apartment buyer agreement, to which the latter verbally replied that the delayed payment interest, if any, will be charges on the basis of the agreement and the delay in handing over possession of the flat was beyond the control of respondent. As per clause 8 of the agreement, upon delay in payments, the allottees could be made liable to the extent of paying 18% interest per annum. On the contrary, as per clause 11.5, upon delay in handing over possession, the respondent would be liable to pay compensation only to th extent of Rs. 5/- per

sq.ft. of the super area of the apartment for the period of delay. It is submitted that such clauses of the agreement are clearly unfair and arbitrary thus making the agreement one-sided. Accordingly, the complainants pointed out these unfair clauses to the respondent, but to no avail.

10. That after a delay of more than 4.5 years from the due date of possession, finally on 04.11.2016, the respondent sent a letter of offer of possession thereby inviting the complainants to take possession by 30.11.2016. Accordingly, on 29.11.2016, the possession was taken by the complainants herein after making final payments due against the unit in question. It is submitted that at the time of possession, the area of the unit was 2390 sq.ft. as compared to 2408.23 sq.ft. mentioned in the agreement. it is imperative to mention here that at the time of taking possession, the complainants were unjustifiably made to sign a one-sided indemnity cum undertaking without which they were not allowed to take possession. Seeing no other alternative after paying almost all of their life savings, they had to sign such unfair undertaking as the respondent was in dominant position at that time.
11. That after taking possession on 29.11.2016, the complainants requested the respondent to arrange the registry of conveyance deed in their favour and sought a probable date for registration. To this, the respondent falsely assured the complainants that they have initiated the registration process which shall be carried forward in a phase wise manner and unit in which handover was done prior in time will be registered first followed by other units. However, post that, no intimation was made by the respondent for

execution of conveyance deed. Since the taking over of possession in 2016 till date, the complainants have been painstakingly pursuing the respondent to register the conveyance deed for the unit in question in their favour, but all in vain. The aforesaid conduct of the respondent in delaying the registration of conveyance deed further despite themselves undertaking to get the registration done soon was quite suspicious considering the fact that the conveyance deed of residents of other towers in the project in question were already being done. Upon further inquiries from other buyers of the project in question in order to find out the exact reason behind the evasive attitude of the respondent regarding registration of conveyance deed, the complainants were shocked to know that the respondent failed to obtain the OC for tower 'A', i.e., the tower where the unit in question is located and tower "C4". This left the complainants devastated. Thereafter, the complainants vide e-mail dated 12.10.2019 to the respondent vehemently objected to no occupation certificate despite offer of possession in 2016 itself and asked the said respondent to obtain the OC immediately, but to no avail as the respondent did not bother to respond to the said mail.

12. That upon not getting any response from the respondent, complainants immediately rushed to the respondent's office in order to enquire about the aforesaid misconduct and fraudulent act of theirs, to which the representatives of the respondent simply said that the OC for the tower in question shall be received soon. The complainants were completely taken aback by the said submission and casual attitude of the respondent. Later, in a meeting held between the residents of tower in question and

representatives of the respondent, Mr. Navin Bakshi, head of operations, Vatika Limited, promised that the OC for the aforesaid two towers would be obtained before Feb 2020, but again to no avail. The possession of any residential unit cannot be offered without obtaining the OC from concerned authorities as the said OC is a legal mandate of the fact that the premises is safe in all regards and is fit to occupy and reside and is in accordance with the requirements laid down and as per the sanctions approved by the said authorities. Accordingly, the aforesaid offer of possession dated 04.11.2016 is out rightly illegal and elucidates the fraudulent conduct of the respondent.

13. That having already invested almost all of their life savings in order to purchase the unit in question, the complainants had no other option but to believe the representations of the respondent regarding the veracity of offer of possession and take possession. There was no apparent reason for the complainants to even imagine that a company of such size and market reputation that the respondent was at that time, was actually committing an illegal act by offering the possession as it had not obtained the OC and had kept the complainants in complete dark about non-availability of the OC.
14. The fact that the possession was being offered without obtaining OC was concealed form the complainants at the time of said offer. Rather, when the complainants orally enquired about receipt of all the necessary sanctions for the unit in question., the respondent very clearly submitted that all the approvals are in place. It was only upon conducting an inquiry for the reasons behind non-

execution of conveyance deed that the complainants came to know about this misconduct on the part of respondent.

15. That upon gaining knowledge about the non-receipt of OC, the complainants along with other buyers of the tower in question kept pursuing the respondent in order to seek an explanation over non-receipt of OC and to protect against concealment of said fact at the time of offer of possession and to be acquainted with a tentative date for receipt of OC, but to no avail. The complainants sought a concrete response by way of letter dated 13.06.2020 which was signed by other buyer as well, but the respondent refused to pay any heed to the same. Further vide e-mail dated 24.06.2020 to department of Town & Country Planning (DTCP), Haryana and to hon'ble Real Estate Regulatory Authority, Gurugram and vide e-mail dated 26.07.2020 to MLA Badshapur, the respondent highlighted the aforesaid lapse on part of respondent and vehemently protested against the gross misconduct on part of respondent and sought a resolution of their grievances. Further, through telephonic calls as well as personal visits, the complainants kept contacting the respondent regarding receipt of OC, but no concrete reply was given by the latter. The fact is that till date occupation certificate has not been received by the respondent for the two towers namely, tower A and C4.

16. That by concealing the fact of non-receipt of OC from the complainants, the respondent has inflicted great injustice upon the complainants and defrauded them of their hard earned money. Further, the clauses of the apartment buyer's agreement dated 11.04.2009 are such that even if the fact of non-receipt of OC was

in the knowledge of the complainants at the time of offer of possession, after spending almost all of their life savings, they would have been left with no option but to abide by the assertions of respondent. This can be highlighted from clause 10.3 of the agreement which clearly states that on failure of buyer to take possession, unit could be cancelled by the respondent and holding charges can also be levied.

17. That the main rationale of the respondent behind offering possession hurriedly without obtaining the occupation certificate was to shorten the period of delay and eventually to minimize the delayed possession charges that the said respondent may be made liable for on account of delay in offering and handing over possession. The complainants did not even imagine that the respondent was planning to offer the possession of a residential apartment which had still not received the OC, which was, and still is, a pre-requisite for a safe living. That the respondent is an experienced company in the business of making residential apartments, this deliberate act of cheating its customers and at the same time, committing a gross misconduct of non-compliance of rules is nothing short of criminal.
18. That the complainants were further agonized when they came to know that they cannot get their apartment insured against natural calamities or other disasters because the insurance companies do not offer insurance coverage to such buildings which are inhabited without having obtained the OC. Non-availability of any safety of insurance cover has robbed the complainants of their peace of

- mind and they live under constant fear. Multiple instances of earthquakes in recent months have shaken the complainants.
19. That as per clause 14.2 of the agreement dated 11.04.2009, the maintenance deposit taken by the respondent from the complainants were interest bearing maintenance security deposit, i.e. IBMS. However, the respondent failed in paying the interest accrued on said deposit to the complainants, despite several intimations from the complainants. Moreover, in the statement of account annexed with the complaint, respondent unjustifiably changed maintenance deposit from 'IBMS' to 'IFMS'.
20. That to add to the misery of the complainants, due to lapse on part of respondent in not obtaining the occupation certificate, the registration of conveyance deed has not been done till date. Accordingly, the respondent must be directed to remove all the irregularities in the project and get the occupation certificate for the tower in question and post that, to register the conveyance deed in favour of the complainants, in accordance with section 17 of the Act, 2016 which clearly states that the conveyance deed in favour of the allottees shall be carried out by the promoter within three months from the date of issue of occupation certificate.
21. That the present complaint has been filed in order to seek a direction to the respondent to obtain the occupation certificate and to get the registration of conveyance deed in favour of the complainants along with interest on the payment by them apart from the other reliefs as mentioned in the relief clause of the complaint. It is pertinent to mention here that the offer of possession dated 04.11.2016 made by the respondent was completely illegal and sans any legal sanctity and accordingly, it

must be declared null and void and the complainants must be granted interest at the prescribed rate in accordance with RERA, 2016 and HRERA, 2017 from the due date of handing over possession as per the agreement, i.e. 11.04.2012 till the date of receipt of occupation certificate and offer of legal possession post that.

C. Relief sought by the complainants:

22. The complainants have sought following relief(s):

- i. Direct the respondent to pay interest for every month of delay at prevailing rate of interest from the due date of handing over possession i.e., 11.04.2012 till offer of valid possession after receipt of OC.
- ii. Direct the respondent to obtain occupation certificate for tower 'A' and issue fresh offer of possession letter to the complainants.
- iii. Direct the respondent to register the conveyance deed and transfer title in favour of the complainants upon receipt of occupation certificate, in accordance with section 17 of RERA,2016.
- iv. Direct the respondent to get the towers for which OC has not been obtained to be registered with the hon'ble authority.
- v. Direct the respondent to pay interest charges on account of IBMS amount paid by the complainants.

D. Reply by respondent

- i. That at the very outset, it is stated that the instant complaint has been preferred by the complainants on frivolous and

unsustainable grounds and the complainants have not approached this learned authority with clean hands. The complainants have not approached this learned authority with clean hands. The instant complaint is not maintainable in the eyes of law and is devoid of merit and is fit to be dismissed *in limine*.

- ii. That the present complaint is an abuse of the process of this hon'ble authority and is not maintainable. The complainants are trying to suppress material facts relevant to the matter. The complainants are making false, misleading, frivolous, baseless, unsubstantiated allegations against the respondent with malicious intent and sole purpose of extracting unlawful gains from the respondent.
- iii. That it is submitted that the complainants voluntarily with free will and consent has taken over the possession of the unit on 27.11.2016 after satisfying with all the terms and conditions of the handing over of possession letter dated 27.11.2016. The respondent humbly submits that the complainants executed the unit handover letter dated 27.11.2016 whereby they took over peaceful and vacant physical possession of the unit in question after fully satisfying themselves with regard to its measurements, location, dimension, approvals and development etc. It was further explicitly stated by the complainants in the aforesaid letter that upon acceptance of possession, they would not be entitled to raise any claim of any nature whatsoever regarding any variation in the size, dimension, area, location or legal status, delay in possession of the unit in question. The respondent relying upon the aforesaid

representation had changed its position to its detriment and proceeded to deliver possession of the unit in question. Therefore, the instant complaint is barred by the principle of estoppel.

- iv. It is pertinent to mention before the Id. authority that the complainants are the subsequent allottees of the apartment in question. As per clause 10.1 of the builder buyer agreement dated 11.04.2019, the possession of the apartment was to be delivered within 3 years from the date of execution of the agreement unless there is a delay or failure due to reasons mentioned in clauses 11.1, 11.2, 11.3, & 39. Hence, the due date of delivery was 11.04.2012. However, due to some unforeseen circumstance the delivery of possession was delayed. The complainants bought the apartment from original allottees in the year 2011 after obtaining entire information about the status of the project from him. It is pertinent to mention here that the complainants voluntarily stepped into the shoes of the original allottees 2 years after passing of execution of the agreement, and the complainants cannot deny this fact that they were not well aware about the status of the project.
- v. That the present complaint is filed with the oblique motive of harassing the respondent company and to extort illegitimate money while making absolutely false and baseless allegations against the respondent. It is brought to the knowledge of the hon'ble authority that the complainants are guilty of pleading untrue facts.
- vi. The complainants relied upon various e-mails conversation as annexed with the complaint and are not supported by any

affidavit/certificate under section 65 (B) of Evidence Act. Hence, the e-mails placed on record by the complainants have no authenticity, being invalid and are not admissible documents.

23. Copies of all the relevant documents have been filed and placed on 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:

E. I Subject matter jurisdiction

Section 11(4)(a) of the Act, 2016 provides that the promoters shall be responsible to the allottees 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 promoters, the allottees and the real estate agents under this Act and the rules and regulations made thereunder.

24. 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 promoters 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 the handover the possession to the complainants and voluntarily acceptance by the complainants.

25. The respondent has submitted that the complainants voluntarily with free will and consent has taken the possession of the apartment on 29.11.2016 after satisfying all the terms and conditions of the hand over possession letter dated 29.11.2016. The respondent further stated that the complainants executed the apartment handover letter dated 29.11.2016 whereby they took over peaceful and vacant. The respondent has further stated that the respondent company updated the status of the project and occupation certificate to the complainants and who wilfully took over the possession of the unit. It is pertinent to mention here section 11(4)(b) of the Act of 2016 which provides as under.

Section 11(4)(b)

be responsible to obtain the completion certificate or the occupancy certificate, or both, as applicable, from the relevant competent authority as per local laws or other laws for the time being in force and to make it available to the allottees individually or to the association of allottees, as the case may be;

From the perusal of the above-mentioned provision of the Act of 2016, it is clear that it is the obligation and duty of the promoter to obtain the occupancy certificate from the competent authority and make it available to the allottees. It is clear from the respondent's contentions that offered the possession of the unit without obtaining the OC which is a mandatory requirement under the Haryana Building Code 2017. Further as discussed above, section 11(4)(b) of the Act of 2016 also confers an obligation on the promoter in this regard. Therefore, the respondent-promoter is in contravention of his obligation under section 11(4)(b) of the Act, 2016.

G. Findings regarding relief sought by the complainants:

Relief sought by the complainants:

G.I Direct the respondent to pay interest for every month of delay at prevailing rate of interest from the due date of handing over possession i.e., 11.04.2012 till offer of valid possession after receipt of OC.

26. In the present complaint, the complainants intend to continue with the project and is seeking delay possession charges as provided under the proviso to section 18(1) of the Act. Sec.18(1) proviso reads as under.

"Section 18: - Return of amount and compensation

18(1). If the promoter fails to complete or is unable to give possession of an apartment, plot, or building, —

.....

Provided 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 the possession, at such rate as may be prescribed."

27. Clause 10.1 of the apartment, provides for handing over possession and the same is reproduced below:

10.1. Schedule for possession of the said apartment

The company base don its present plans and estimates and subject to all just exceptions, contemplates to complete construction of the said Building/said Apartment within a period of three years from the date of execution of this Agreement unless there shall be delay or there shall be failure due to reasons mentioned in clauses (11.1),(11.2),(11.3) and Clause (39) or due to failure of Allottee(s) to pay in time the Price of the said Apartment along with all other charges and dues in accordance with the schedule of payments given in Annexure III or as per the demands raised by the Company from time to time or any failure on the part of the Allottee(s) to abide by any of the terms or conditions of this Agreement.

28. An apartment buyer's agreement is a pivotal legal document which should ensure that the rights and liabilities of both builder/promoter and buyers/allottees are protected candidly. Apartment buyer's agreement lays down the terms that govern the

sale of different kinds of properties like residentials, commercials etc. between the buyer and builder. It is in the interest of both the parties to have a well-drafted agreement which would thereby protect the rights of both the builder and buyer in the unfortunate event of a dispute that may arise. It should be drafted in the simple and unambiguous language which may be understood by a common man with an ordinary educational background. It should contain a provision with regard to stipulated time of delivery of possession of the apartment, plot or building, as the case may be and the right of the buyers/allottees in case of delay in possession of the unit.

29. The authority has gone through the possession clause of the agreement and observes that the possession has been subjected to all kinds of terms and conditions of this agreement. The drafting of this clause and incorporation of such conditions are not only vague and uncertain but so heavily loaded in favour of the promoter and against the allottees that even a single situation may make the possession clause irrelevant for the purpose of allottees and the committed date for handing over possession loses its meaning. If the said possession clause is read in entirety, the time period of handing over possession is only a tentative period for completion of the construction of the flat in question and the promoter is aiming to extend this time period indefinitely on one eventuality or the other. Moreover, the said clause is an inclusive clause wherein the numerous approvals and terms and conditions have been mentioned for commencement of construction and the said approvals are sole liability of the promoter for which allottees cannot be allowed to suffer. The promoter must have mentioned

that completion of which approval forms a part of the last statutory approval, of which the due date of possession is subjected to. It is quite clear that the possession clause is drafted in such a manner that it creates confusion in the mind of a person of normal prudence who reads it. The authority is of the view that it is a wrong trend followed by the promoter from long ago and it is their unethical behaviour and dominant position that needs to be struck down. It is settled proposition of law that one cannot get the advantage of his own fault. The incorporation of such clause in the apartment buyer's agreement by the promoter is just to evade the liability towards timely delivery of subject unit and to deprive the allottees of his right accruing after delay in possession. This is just to comment as to how the builder has misused his dominant position and drafted such mischievous clause in the agreement and the allottees are left with no option but to sign on the dotted lines.

30. **Admissibility of delay possession charges at prescribed rate of interest:** The complainants are seeking delay possession charges, proviso to section 18 provides that where an allottees 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.

31. 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.
32. 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., 12.04.2022 is 7.30% p.a. Accordingly, the prescribed rate of interest will be marginal cost of lending rate +2% i.e., 9.30% p.a.
33. The definition of term 'interest' as defined under section 2(za) of the Act provides that the rate of interest chargeable from the allottees by the promoter, in case of default, shall be equal to the rate of interest which the promoter shall be liable to pay the allottees, 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;"*

34. Therefore, interest on the delay payments from the complainants shall be charged at the prescribed rate i.e., 9.30% p.a. by the respondent/promoter which is the same as is being granted to the complainants in case of delay possession charges.
35. **Validity of offer of possession:** At this stage, the authority will clarify the concept of 'valid offer of possession'. It is necessary to clarify this concept because after valid and lawful offer of possession, liability of promoter for delayed offer of possession comes to an end. On the other hand, if the possession is not valid and lawful, liability of promoter continues till a valid offer is made and allottees remains entitled to receive interest for the delay caused in handing over valid possession. The authority after detailed consideration of the matter has arrived at the conclusion that a valid offer of possession must have following components:
- i. **Possession must be offered after obtaining occupation certificate-** The subject unit after its completion should have received occupation certificate from the concerned department certifying that all the basic infrastructural facilities have been laid and are operational. Such infrastructural facilities include water supply, sewerage system, storm water drainage, electricity supply, roads and street lighting.
 - ii. **The subject unit should be inhabitable condition-** The test of habitability is that the allottees should be able to live in the subject unit within 30 days of the offer of possession after carrying out basic cleaning works and getting electricity,



water and sewer connections, etc from the relevant authorities. In a habitable unit, all the common facilities like lifts, stairs, lobbies, etc should be functional or capable of being made functional within 30 days after completing prescribed formalities. The authority is further of the view that minor defects like little gaps in the windows or minor cracks in some of the tiles, or chipping plaster or chipping paint at some places or improper functioning of drawers of kitchen or cupboards etc. are minor defects which do not render an apartment uninhabitable. Such minor defects can be rectified later at the cost of the developers. The allottees should accept possession of an apartment with such minor defects under protest. This authority will award suitable relief or compensation for rectification of minor defects after taking over of possession under protest.

However, if the subject unit is not at all habitable because the plastering work is yet to be done, flooring works is yet to be done, common services like lift etc. are non-operational, infrastructural facilities are non-operational, then the subject unit shall be deemed as uninhabitable and offer of possession of an uninhabitable unit will not be considered a legally valid offer of possession.

- iii. **Possession should not be accompanied by unreasonable additional demands-** In several cases, additional demands are made and sent along with the offer of possession. Such additional demands could be of minor nature or they could be significant and unreasonable which puts heavy burden upon

the allottees. An offer accompanied with unreasonable demands beyond the scope of provisions of agreement should be termed an invalid offer of possession. Unreasonable demands itself would make an offer unsustainable in the eyes of law. The authority is of the view that if the additional demands are made by the developer, the allottees may accept possession under protest or decline to take possession raising objection against unjustified demands.

36. Though in the light of the above-mentioned fact the offer of possession made on 04.11.2016, by the promoter to the allottees is not valid, the same being made without obtaining occupation certificate but the allottees have already taken possession on the basis of offer of possession on 04.11.2016 and is continuing as such and enjoying the the property. They are certainly entitled to delay possession charges but only from the due date 11.04.2012 upto 29.11.2016, the date on which possession of the allotted unit was taken on the basis of offer of possession 29.11.2016.
37. On consideration of the record and submissions made by the parties, 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 apartment buyer's agreement executed between the parties on 11.04.2009, the possession of the booked unit was to be delivered within 3 years from the date of execution of agreement and the due date comes out on 11.04.2012. The offer of possession made by the respondent/promoter on 04.11.2016 after a gap of more than 4

years is not a valid/lawful offer of possession due to non-receipt of OC.

38. The respondent sent a letter of offer of possession by inviting the complainants to take possession by 04.11.2016. Accordingly, on 29.11.2016 the possession was taken by the complainants herein after making final payments due against unit in question. The complainants have also stated that they had taken an assurance from the respondent for obtaining OC and was kept in dark. The matter is being referred to director town and country planning Haryana, Chandigarh. There is violation of Haryana Building Code, as the builder has offered possession without obtaining OC. The director may initiate legal proceedings against the promoter. The DTCP is also advised to dispose of application of the promoter for grant of occupation certificate and after levying the compounding fees as per applicable rules from the promoter-respondent. The complainant has already taken over possession, accordingly from the date he has taken over possession, he cannot be allowed delayed possession charges. Although the possession has been offered wrongly by the respondent as mentioned above, However, the complainants shall be entitled for DPC from the due date of possession till actual taking over the possession.

G.II Direct the respondent to register the conveyance deed and transfer title in favour of the complainants upon receipt of occupation certificate, in accordance with section 17 of RERA,2016.

36. The complainants are asking for the registration of conveyance deed and transfer of title in accordance with section 17 of the Act of 2016. The complainants in the present complaint has taken possession of the unit on 29.11.2016 on offer of the possession of

the unit in question. Whereas the possession was offered by the respondent/promoter without obtaining the OC. the respondent/promoter clearly violated the section 11(4)(b) of the Act, 2016 as detailed in this order therefore, the respondent/promoter is under a mandatory obligation as per the statute and as per the BBA signed between the mutual of consent of both parties for registration of conveyance deed after obtaining OC.

37. Clause 13 is reproduced below:

13. Conveyance of the said Apartment

Clause 13.:

"The Company, its Associates Companies, its Subsidiary Companies as stated earlier shall prepare and execute along with the Allottee a conveyance deed to convey the title of the Said Apartment in favour of Allottee but only after receiving full payment of the total price of the Apartment and the parking space allotted to him/her and payment of all securities including maintenance security deposits and charges for bulk supply of electrical energy, interest, penal interest etc. on delayed instalments stamp duty, registration charges, incidental expenses for registration, legal expenses for registration and all other dues as set forth in this Agreement or as demanded by the Company from time to time prior to the execution of the Conveyance Deed. If the Allottee is in default of any of the payments as set forth in this Agreement then the Allottee authorizes the Company to withhold registration of the Conveyance Deed in his/her favour till full and final settlement of all dues to the Company is made by the Allottee and agrees to bear the consequences. The Allottee undertakes to execute Conveyance Deed within the time stipulated by the Company in its written notice failing which the Allottee authorizes the Company to cancel the allotment and terminate this Agreement in terms of Clause (12) of this Agreement and to forfeit out of the amounts paid by him/her the earnest money, delayed payment of interest any interest paid, due or payable, any other amount of a non-refundable nature and to refund the balance amount without any interest in the manner prescribed in Clause (12) Supra. The Allottee shall be solely responsible and liable for compliance of the provisions of Indian Stamp Act 1899 including any actions taken or deficiencies/penalties imposed by the competent authority(ies). Any increase/decrease in the Stamp Duty charges during the period when the case for execution of the Conveyance Deed of the allotted flat is being processed by the Company Shall be borne by/refunded to the Allottee.

38. It should be further noted that Section 11(4)(f) provides for the obligation of respondent/promoter to execute a registered conveyance deed of the apartment along with the undivided proportionate title in common areas to the association of the allottees or competent authority as the case may be as provided under section 17 of the Act of 2016. As envisaged in the below mentioned section the respondent/promoter is in clear contravention of section 11(4)(f) of the Act of 2016 and shall get the conveyance deed done after obtaining OC.
39. As far as the relief of transfer of title is concerned the same can be clearly said to be the statutory right of the allottees as section 17(1) of the Act provide for transfer of title is reproduced below:

"Section 17: - Transfer of title.—

17(1). The promoter shall execute a registered conveyance deed in favour of the allottee along with the undivided proportionate title in the common areas to the association of the allottees or the competent authority, as the case may be, and hand over the physical possession of the plot, apartment of building, as the case may be, to the allottees and the common areas to the association of the allottees or the competent authority, as the case may be, in a real estate project, and the other title documents pertaining thereto within specified period as per sanctioned plans as provided under the local laws: Provided that, in the absence of any local law, conveyance deed in favour of the allottee or the association of the allottees or the competent authority, as the case may be, under this section shall be carried out by the promoter within three months from date of issue of occupancy certificate.

40. Hence, in compliance of the above-mentioned provision of the Act of the 2016 the respondent/promoter shall transfer the title to the

association of the allottees within 3 months from the date of issuance of occupation certificate.

G. IV. Direct the respondent to pay interest charges on account of IBMS amount paid by the complainants.

41. A perusal of the statement of account show that the complainants has already paid a sum of Rs. 1,19,500/- as IBMS with the respondent/builder besides other charges. The relevant clause with regard to interest bearing maintenance security is reproduced below:

14.2. Interest Bearing Maintenance Security Deposit

In order to secure due performance of the Allottee in paying promptly the maintenance bills and other charges as raised by the maintenance agency/company, the Allottee agrees to deposit as per the schedule of payment given in Annexure III and to always keep deposited with the Company/Maintenance Company an interest-bearing maintenance security deposit calculated at the rate of Rs.50/- per sq.ft. of the super area of the said Apartment. In case of failure of the Allottee to pay the maintenance bills, other charges on or before the due date, the Allottee in addition to permitting the Company/Maintenance Company to deny him/her the right to avail the maintenance services also authorizes the Company to adjust maintenance security deposit against such defaults. If due to such adjustment, the interest-bearing maintenance security deposit falls below the agreed sum of Rs. 50/- sq.ft. of the super area of the said Apartment, then the Allottee hereby undertakes to make good the resultant shortfall within fifteen days of demand by the Company. Such maintenance security deposit share bear simple interest at the rate as applicable from time to time on a fixed deposit in State Bank of India for a period of one year, which shall be used by the Company to subsidise the monthly maintenance charges. The Company/Maintenance Company reserves the right to increase the interest-bearing maintenance security from time to time in keeping with the increase in the cost of maintenance services and the Allottee agrees to pay such increases within fifteen (15) days of demand by the Company. If the Allottee fails to pay such increase in the Interest Bearing Maintenance Security Deposit or to make good the shortfall as aforesaid on or before its due date, then the Allottee authorizes the Company to charge interest at the rate of @18% for the period of such delay and to stop/disconnect all maintenance services to the said Apartment till such sums due along with interest as stipulated hereinabove are paid by the Allottee. It is made specifically clear, and it is so agreed by and between the parties hereto that this part of the

Agreement relating to interest bearing maintenance security deposit as stipulated in this clause shall survive the conveyance of title in favour of Allottee and the Company shall have first charge/lien on the said Apartment in respect of any such non-payment of shortfall/increases as the case may be.

As the amount of IBMS has been already collected by the respondent/builder but the builder has miserably failed to obtain the occupation certificate and completion certificate which is an mandatory requirement for the statutory approval of habitation and services. It is pertinent to mention here clause 17(2) of the Act of 2016 is reproduced below:

17(2) After obtaining the occupancy certificate and handing over physical possession to the allottees in terms of sub-section (1), it shall be the responsibility of the promoter to handover the necessary documents and plan, including common areas, to the association of the allottees or the competent authority, as the case may be, as per the local laws:

Provided that, in the absence of any local law, the promoter shall handover the necessary documents and plans, including common areas, to the association of the allottees or the competent authority, as the case may be, within thirty days after obtaining the [completion] certificate.

From the understanding of the abovementioned clause, it is understood that the respondent/promoter after obtaining the occupation certificate and handing over the physical possession to the allottees under sub-section 1 has to handover necessary documents and plans including common areas to the association of the allottees within 30 days after obtaining the completion certificate. There is nothing on the record to show that any resident welfare association has been formed. Moreover, in the absence of occupation certificate, the builder cannot validly transfer the ownership of common areas to the resident welfare association

and the amount collected as IBMS. However, as and when occupation certificate of the tower is received, then within three months, the respondent/builder is obligated to transfer the amount of IBMS collected from the allottees along with interest as per laws.

H. Directions of the authority:

42. Hence, the authority hereby passes this order and issue the following directions under section 37 of the Act to ensure compliance of obligation cast upon the promoters as per the function entrusted to the authority under section 34(f) of the Act of 2016:

- i. The complainants shall be entitled for delay possession charges from the due date of possession i.e., 11.04.2012 till actual taking over the possession i.e., 29.11.2016.
- ii. As and when OC of the tower of the allotted unit is received by the respondent/builder, then it will be obligated for him to arrange execution of conveyance deed of the unit in favour of the complainants on her depositing necessary charges within 3 months and failing which legal consequences would follow.
- iii. The respondent/builder is also directed to transfer the amount of IBMS besides interest accrued thereon upto date in favour of resident's welfare associations within 3 months of the receipt of OC of the tower of the allotted unit.
- iv. A direction is given to the respondent/builder to obtain occupation certificate of the project from the competent

authority by completing all the formalities within a period of 3 months.

43. Complaint stands disposed of.
44. File be consigned to registry.

V.I-3

(Vijay Kumar Goyal)
Member

Haryana Real Estate Regulatory Authority, Gurugram

Dated: 12.04.2022



(Dr. K.K. Khandelwal)
Chairman



HARERA
GURUGRAM