BEFORE THE HARYANA REAL ESTATE REGULATORY AUTHORITY, GURUGRAM

Complaint no. : 727 of 2022
First date of hearing: 06.04.2022
Date of decision : 18.10.2022

1. Subhash Chand Jain S/o Suraj Bhan Jain 2. Mridula Jain W/o Subhash Chand Jain 3. Hemlata Jain W/o Surender Kumar Jain All are r/o: - Ward No. 39, Jain Nursing Home, Hardev Nagar, Dholpur, Rajasthan	**Complainants**
Versus	
Shree Vardhman Infrahome Pvt. Ltd., R/o: - 301, 3rd Floor, Indraprakash Building, 21-Barakhamba Road, New Delhi - 110001	**Respondent**

CORAM:	
Shri Vijay Kumar Goyal	**Member**
Shri Ashok Sangwan	**Member**
Shri Sanjeev Kumar Arora	**Member**
APPEARANCE:	
Mr. Gaurav Wig (Advocate)	Complainants
Mr. Gaurav Rawat (Advocate)	Respondent

ORDER

1. The present complaint dated 04.03.2022 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 Flora", Village – Hayatpur, Sector-90, Gurugram
2.	Project area	10.881 acres
3.	Nature of the project	Residential colony
4.	DTCP license no. and validity status	23 of 2008 dated 11.02.2008 valid upto 10.02.2025
5.	Name of the Licensee	Moti Ram
6.	RERA registered/ not registered and validity status	**Registered** Registered vide no. 88 of 2017 dated 23.08.2017 Valid upto 30.06.2019
7.	Unit no.	A1-704, Tower – A1 (Page 33 of complaint)

8.	Unit admeasuring	2475 sq. ft. (Page 33 of complaint)
9.	Date of flat buyer's agreement	01.08.2013 (Page 31 of complaint)
10.	Payment plan	Construction linked payment plan (Page 50 of complaint)
11.	Total consideration	Rs. 81,01,458/- (Page 133 of reply)
12.	Total amount paid by the complainants	Rs. 72,38,249/- (Page 133 of reply) Rs. 72,47,349/- (Page 11 of complaint)
13.	Date of commencement of construction	19.11.2013 (As stated by respondent on page 8 of reply)
14.	Possession clause	**14(a)** The construction of the flat is likely to be completed **within a period of 36 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)**
15.	Due date of delivery of possession	19.05.2017 (Calculated from the date of commencement of construction)
16.	Occupation certificate	02.02.2022 (As per page 40 of reply)
17.	Offer of possession	26.07.2021 (As per records the complainants received the offer for fit-out on 06.09.2021) (At page 43 of reply) 11.04.2022 (As per page 48 of reply)
18.	Delay in handing over of possession till date of order i.e.,18.10.2022	4 years 8 months and 30 days
19.	Grace period utilization	Grace period is allowed in the present complaint.

B. Facts of the complaint

3. That the complainants had booked a unit in the project "Shree Vardhman flora" of the respondent situated at Sector-90, Gurugram, Haryana and paid an amount of Rs. 24,44,315/- the respondent acknowledged the same vide receipt dated 22.06.2013 and 06.07.2013.

4. That on 01-08-2013, flat buyer's agreement was executed between the parties in respect of the above-mentioned unit. That a total amount of Rs. 72,47,349/- has been paid by them to the respondent in respect of the said flat for a basic sale consideration of Rs. 59,27,625/-
5. That they were lured by respondent to invest in the project on the pretext that delivery of the apartment will be done within 36 months. As per clause no. 14 (a) of the agreement, the possession of the unit will be handed over to the complainants within 36 months from the signing of agreement.
6. That they have made several visits to the respondent office and made several requests to the company for refund of his hard-earned money but there has been no response. That they had booked the residential apartment under construction linked plan, but the respondent has taken amounts over and above the actual cost of the said flat decided at the time of booking of said flat. The respondent for the first time in 2021 out of its own, illegally and malafidely increased the super area of the flat by 100 sq.ft. On 9.08.2021, certain documents w.r.t. proposed full and final settlement were shared by respondent but just like agreement that were also one sided and against the interest of complainants.
7. That they visited the site recently and observed that the project is yet to be completed by the respondent. It was also observed by them that the construction work was on a very slow/negligible pace and from physical verification at the project site, the complainants were sure that the respondent will not be able to deliver the possession of apartment/unit in near future. Thereafter, a legal notice dated 01.10.2021 was issued through

their Advocate, but despite that the respondent failed to pay any heed to it. Instead of compensating on account of failure to handover the possession within the agreed time frame, the respondent only pressurized them by signing on pre-printed documents with doted lines and demanded exorbitant illegal and unwarranted charges. Hence, this complaint.

C. Relief Sought

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

   a) Direct the respondent to complete the construction and handover the physical, peaceful and legal possession of the flat in question to the complainants after execution of necessary conveyance deed/ registration of documents.

   b) Direct the respondent to pay simple interest @18% on the amounts paid by the complainants.

   c) Direct the respondent to withdraw the illegal, arbitrary, and illegitimate demand letters dated 12.07.2017, 16.02.2021 and 24.07.2021.

   d) Direct the respondent to award a cost of Rs. 55,000/- towards litigation expenses in favour of the complainants and against the opposite party.

D. Reply by the respondent

9. 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.

10. The complainants have sought relief 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.
11. 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 and the same having been executed prior to the date the Act came into force.
12. 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.

13. That the FBA executed in the present case did not provide any definite date or time frame for handing over of possession of the flat 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 provided 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.

14. 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 contain 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 /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 complaint to rescind the FBA under the contractual terms or in law. The 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. 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.

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 and 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 has 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.

21. **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.

22. 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.

23. 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., 18.10.2022 is 8.25%. Accordingly, the prescribed rate of interest will be marginal cost of lending rate +2% i.e., 10.25%.

24. 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;"*

25. Therefore, interest on the delay payments from the complainants shall be charged at the prescribed rate i.e., 10.25% by the respondent/promoter which is the same as is being granted to the complainants in case of delayed possession charges.

26. 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 01.08.2013, the possession of the subject apartment was to be delivered within stipulated time i.e., by 19.05.2017. As far as grace period is concerned, the same is allowed for the reasons quoted above. The occupation certificate of the project has been received on 02.02.2022. 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 allottee shall be paid, by the promoter, interest for every month of delay from due date of possession i.e., 19.05.2017 till date of grant of OC i.e., 02.02.2022 plus two months (02.04.2022) at prescribed rate i.e., 10.25 % p.a. as per proviso to section 18(1) of the act read with rule 15 of the rules.

G. Findings on the relief sought by the complainants

G.I Direct the respondent to withdraw the illegal, arbitrary, and illegitimate demand letters dated 12.07.2017, 16.02.2021 and 24.07.2021.

27. The respondent vide letter dated 12.06.2017, 16.02.2021 & 24.07.2021 on pretext of VAT, commencement of flooring & demand against fit-out of possession, respectively. It is a well settled principle of law that the respondent shall not charge anything which is not part of buyer's agreement. Demand raised vide letters dated 12.06.2017 & 16.02.2017 are valid and are in consonance with payment plan annexed on page no. 50 of complaint.

However, the respondent has raised demand payable on offer of possession at the time of offer for fit-out of possession. A valid offer of possession must made after obtaining occupation certificate. The OC was obtained on 02.02.2022 whereas the said offer of possession was made on 24.07.2021. Therefore, the said demand letter dated 24.07.2021 is invalid and hence, revoked.

G.II Direct the respondent to award compensation of Rs. 55,000/-

28. The complainants are seeking relief w.r.t. compensation in the above-mentioned relief. ***Hon'ble Supreme Court of India in civil appeal titled as M/s Newtech Promoters and Developers Pvt. Ltd. V/s State of Up & Ors.(supra),*** has held that an allottee is entitled to claim compensation & litigation charges under sections 12,14,18 and section 19 which is to be

decided by the adjudicating officer as per section 71 and the quantum of compensation & litigation expense shall be adjudged by the adjudicating officer having due regard to the factors mentioned in section 72. The adjudicating officer has exclusive jurisdiction to deal with the complaints in respect of compensation & legal expenses. Therefore, for claiming compensation under sections 12, 14, 18 and section 19 of the Act, the complainants may file a separate complaint before the Adjudicating Officer under section 31 read with section 71 of the Act and rule 29 of the rules.

H. 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 respondent is directed to pay 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., 10.25% p.a. for every month of delay on the amount paid by complainants to him from the due date of possession i.e., 19.05.2017 till date of OC i.e., 02.02.2022 plus two months i.e., 02.04.2022 and issue fresh statement of account after adjustment of the amount of DPC upto 02.04.2022.

ii. The complainants are directed to make payment of due amount against allotted unit, if any, after adjustment of delay possession charges to be

issued by the respondent-builder within 2 weeks.

iii. The respondent is directed to hand over the possession of the allotted unit within one month of date of this order. On the other hand, the complainants are also directed to take the possession in consonance of section 19(10) of Act.

iv. As per section 2(za) of Act of 2016, 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 allottee.

v. The promoter shall not charge anything which is not part of the BBA.

30. Complaint stands disposed of.

31. File be consigned to registry.

Sanjeev Kumar Arora	Ashok Sangwan	Vijay Kumar Goyal
Member	Member	Member

Haryana Real Estate Regulatory Authority, Gurugram
Dated: 18.10.2022