



HARYANA REAL ESTATE REGULATORY AUTHORITY PANCHKULA

Website: www.haryanarera.gov.in

Complaint no.	220 of 2023
Date of filing	24.01.2023
First date of hearing	26.04.2023
Date of decision:	08.08.2023

Sumeet Narula,
S/o Sh. Krishan Kumar Narula,
R/o A-25, Preet Vihar,
New Delhi - 110092,

....COMPLAINANT

VERSUS

Raheja Developers Pvt. Ltd.
Regd Office: W-4D, 204/5,
Keshav Kunj, Cariappa Marg,
Western Avenue, Sainik Farms New Delhi
South Delhi - 110062

....RESPONDENT

CORAM: Dr. Geeta Rathee Singh

Member

Nadim Akhtar

Member

Present:- Mr. Viabhav Luthra, Advocate, counsel for the complainant.
Ms. Navneet, Advocate, counsel for the respondent.

ORDER (NADIM AKHTAR - MEMBER)

1. Present complaint has been filed on 24.01.2023 by complainant under Section 31 of The Real Estate (Regulation & Development) Act, 2016 (for short Act of 2016) read with Rule 28 of The Haryana Real Estate (Regulation & Development) Rules, 2017 for violation or contravention of the provisions of the Act of 2016 or the Rules and Regulations made thereunder, wherein it is inter-alia prescribed that the promoter shall be responsible to fulfill all the obligations, responsibilities and functions towards the allottee as per the terms agreed between them.

A. UNIT AND PROJECT RELATED DETAILS:

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

S.No.	Particulars	Details
1.	Name of the project	Krishna Housing Scheme, Sector 14, Sohna, District Mewat
2.	RERA registered/not registered	Registered vide Registration no. 21 of 2017

3.	Unit no.	Flat no. 9007, 9th floor, Tower A
4	Unit area	630.86 sq. ft. carpet area and 99.61. Sq.ft. balcony area
5.	Date of provisional allotment	10.07.2015
6.	Date of executing builder buyer agreement	08.09.2015 (stamp date)
7.	Due date of possession	27.04.2019 (cl. 5.2 of BBA - 48 months from environment clearance or sanctioned building plan whichever is later. Sanction of building plan received on 27.04.2015 therefore, deemed date of possession comes to 27.04.2019)
8.	Total sales consideration	₹ 23,20,901/-
9.	Amount paid by complainant	₹ 21,30,761/-
10.	Offer of possession	Not made



B. FACTS OF THE CASE AS STATED IN THE COMPLAINT FILED BY THE COMPLAINANT

3. Complainant had booked a residential flat with the promoter in 2014. Flat no. 9007, 9th floor, Tower A was provisionally allotted vide allotment letter dated 10.07.2015 to the complainant. Builder Buyers Agreement was executed between the allottee and respondent-promoter on 08.09.2015 (Pg. 27 of complaint book).
4. According to clause 5.2 of the BBA, respondent committed to complete the construction and offer possession of the allotted unit within 48 months from the date of the receiving of environment clearance or sanction of building plans whichever is later. Environment clearance was obtained on 09.03.2015 and sanction of revised building plans was obtained on 27.04.2015. Total sale price was Rs. 23,20,901/- out of which the complainant had paid Rs. 21,30,761/- on different dates.
7. Complainant further alleged that he has visited the site several times and was shocked to see that there is no development at the site. Respondent company promised that possession will be handed over to him within stipulated period as per the agreement, failing which the respondent company would pay interest which has been admitted by the respondent company in their agreement. The complainant had also sent various emails for not delivering the unit in question and for asking latest status of the project but no response has been



received from the respondent/promoter. Though, date of handing over of possession was 27.04.2019 but possession has not been offered till date. Therefore, complainant has prayed for relief of refund of the amount paid by complainant till date along with the prescribed rate of interest.

C. RELIEF SOUGHT:

8. Complainant has prayed that:

- A. To direct the respondents to refund Rs 21,30,761/-along with interest in accordance with rule 15 of the RERA Rules, 2017 to the complainant from the date of payment till the actual realisation of amount.
- B. To restrain the respondents from raising any fresh demand with respect to the project.
- C. To pass any other interim relief(s) which this Hon'ble Authority thinks fit in the interest of justice and in favour of the complainant

D. REPLY:

9. No reply has been filed by the respondent in the complaint. Since the proceedings before this Authority are summary proceedings, therefore, the matter is decided on the basis of documents available in file and the oral arguments of the parties.



E. ARGUMENTS OF LEARNED COUNSEL FOR COMPLAINANT AND RESPONDENT:

10. During oral arguments learned counsel for the complainant submitted that there is no progress at the site and project cannot be completed in near future. Therefore, he requested to dispose of the matter in same terms of the **Complaint no. 183 of 2021 titled as Shrishti Wadhwa and Jolly Wadhwa Vs Raheja Developers Pvt Ltd.** Ld. Counsel for respondent could not rebut the fact the present complaint is not covered by the terms of complaint no. 183 of 2021. Counsel for respondent submitted that there are no clear instructions from the client. Authority may proceed to decide the matter on merits according to documents placed on record.

G. ISSUES FOR ADJUDICATION:

12. Whether the complainant is entitled to refund of amount deposited by them along with interest in terms of Section 18 of Act of 2016?

H. OBSERVATIONS OF THE AUTHORITY:

13. From perusal of the record and documentary evidence adduced by the complainant and also on the basis of arguments advanced by learned counsel for complainant, the Authority observed that as per the clause 5.2 of BBA, respondent-promoter had committed to handover the possession of the unit within 48 months from from the date of the receiving of environment clearance



or sanction of building plans whichever is later. As mentioned in the complaint the date of obtaining sanction of building plans 27.04.2015. Therefore, 27.04.2019 shall be considered as the deemed date of possession. The complainant has made payment of Rs. 21,30,761/- to the respondent out of the total sales consideration of Rs. 23,20,901/- and construction at the site of the project is not likely to be completed in near future. Further, despite being granted adequate opportunity, respondent has failed to file/submit any documents in its defence to show that construction of the project is complete and occupation certificate has been received from the competent Authority. The innocent allottee who had invested his hard earned money in the project with the hope to get a house and who was to get possession of the unit by 27.04.2019 cannot be forced/ compelled to wait endlessly for the unit, and specifically when there is no bonafide effort shown on part of the promoter to complete the project. Therefore, the present complaint is covered by the decision rendered in **Complaint No. 183 of 2021 titled as Shrishti Wadhwa and Jolly Wadhwa Vs Raheja Developers Pvt. Ltd.** decided on 06.05.2022. Thus, the Authority decided to dispose of the matter in terms of the above said complaint. Relevant part of which has been reproduced below for reference:

“iii) Next argument of respondents is that the project could not be completed on account of diversion of funds from RERA account by the financier M/s DMI Finance Pvt. Ltd. Here again respondents are severely contradicting themselves. On one hand they are stating that project is not registered, but in the same breath



they are saying that M/s DMI Finance Pvt. Ltd. is taking away money from RERA Account of the project. Again respondents have failed to even check facts of the matter.

iv) Regardless of above position, respondent-company has got loan of Rs.55 crores sanctioned, out of which admittedly Rs.33 crores have been disbursed. Nothing at all has been stated where this amount of Rs. 33 crores has been invested, and whether it has been invested in the project or invested somewhere else. They have not even stated what properties have been hypothecated against the loan.

Respondents have failed to submit quarterly progress and have not even submitted any certificate of Chartered Accountant that said loan which has been got sanctioned for the project has been invested on the project itself.

On the other hand admittedly however, money collected from complainants has not been invested on the project. Nothing at all has been stated as to how much money was collected from complainants and how much money has been invested. RERA Act mandates that at least 70% money collected from allottees is to be invested on development of the project.

v) As per provisions of RERA Act and Rules no lien could have been created on the RERA account. 70% of the money received from the allottees has to be invested on the project. The respondent promoters appears to have severely defaulted in respect of legal obligations cast upon them under RERA Act. They have got the project registered and have operated RERA account as per law, but respondents have created lien in favour of M/s DMI Finance Pvt. Ltd. without even informing the Authority about it. It is a blatant illegality committed by the respondents which in fact amounts to breach of law and trust. The allottees had entrusted their money with the promoter with an expectation that



the same will be invested in the project and their booked apartment will be delivered in time. The promoter on the other hand, dealt with the money so deposited by the allottee-complainants like its private money and allowed a lien to be created in favour of 3rd party.

vi) There appears to be a clear mismanagement of funds by the respondent. The project ought to have been completed with the help of Rs.33 crores raised by way of loan and the money contributed by complainant-allottees. Only a detailed forensic audit would reveal whether the money collected by way of loan and installments paid by the complainants have been invested in the project or the said money has been diverted towards other purposes.

Authority decides to send a copy of this order to the Project Section to initiate inquiry in the matter.

8) Respondents-promoters have not submitted any time-line as to when project is likely to be completed. They are only hiding behind bald technicalities like jurisdiction of the Authority to justify their utter failure in completing the project. Photographs of the projects presented by complainants clearly show that the project is at very preliminary stages. It is not possible to be completed in foreseeable future. Since nothing substantial is happening on the ground, the promoters are going to find it difficult to arrange more money either from the allottees or from financiers. In any case, respondent is in serious disputes with both of them.

9) In such circumstances, when there is no hope of completion of project in foreseeable future, Authority is duty bound to allow relief of refund as prayed by complainants. Accordingly, Authority orders refund of entire amount paid by complainants along with interest.

14. Further, Hon'ble Supreme Court in Civil Appeal No. 6745-6749 of 2021 titled as "*M/s Newtech Promoters and Developers Pvt. Ltd. V/s State of U.P &*



Ors.” has highlighted that the allottee has an unqualified right to seek refund of the deposited amount if delivery of possession is not done as per terms agreed between them. Para 25 of this judgment is reproduced below:

“25. The unqualified right of the allottee to seek refund referred under Section 18(1)(a) and Section 19(4) of the Act is not dependent on any contingencies or stipulations thereof. It appears that the legislature has consciously provided this right of refund on demand as an unconditional absolute right to the allottee, if the promoter fails to give possession of the apartment, plot or building within the time stipulated under the terms of the agreement regardless of unforeseen events or stay orders of the Court/Tribunal, which is in either way not attributable to the allottee/home buyer, the promoter is under an obligation to refund the amount on demand with interest at the rate prescribed by the State Government including compensation in the manner provided under the Act with the proviso that if the allottee does not wish to withdraw from the project, he shall be entitled for interest for the period of delay till handing over possession at the rate prescribed.”

The decision of the Supreme Court settles the issue regarding the right of an aggrieved allottee such as in the present case seeking refund of the paid amount along with interest on account of delayed delivery of possession.

Therefore, Authority observes it is a fit case for allowing refund in favour of complainant. As per Section 18 of Act, interest shall be awarded at such rate as may be prescribed in Rule 15 of HRERA Rules, 2017. Section 18 is reproduced below for reference:



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

(a) in accordance with the terms of the agreement for sale or, as the case may be, duly completed by the date specified therein; or

(b) due to discontinuance of his business as a developer on account of suspension or revocation of the registration under this Act or for any other reason, he shall be liable on demand to the allottees, in case the allottee wishes to withdraw from the project, without prejudice to any other remedy available, to return the amount received by him in respect of that apartment, plot, building, as the case may be, with interest at such rate as may be prescribed in this behalf including compensation in the manner as provided under this Act:

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.

(2) The promoter shall compensate the allottees in case of any loss caused to him due to defective title of the land, on which the project is being developed or has been developed, in the manner as provided under this Act, and the claim for compensation under this subsection shall not be barred by limitation provided under any law for the time being in force.

(3) If the promoter fails to discharge any other obligations imposed on him under this Act or the rules or regulations made thereunder or in accordance with the terms and conditions of the agreement for sale, he shall be liable to pay such compensation to the allottees, in the manner as provided under this Act.

Rule 15 of HRERA Rules, 2017 provides for prescribed rate of interest which is 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 (NCLR) 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".

The definition of term 'interest' is defined under Section 2(za) of the Act which is as under:

"2(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;"

15. Consequently, as per website of the state Bank of India i.e. <https://sbi.co.in>, the highest marginal cost of lending rate (in short MCLR) as on date i.e. 08.08.2023 is 8.75%. Accordingly, the prescribed rate of interest will be MCLR + 2% i.e. 10.75%.



16. Accordingly, respondent will be liable to pay the complainant interest from the date amounts were paid till the actual realization of the amount. Hence, Authority directs respondent to refund to the complainants the paid amount along with interest at the rate prescribed in Rule 15 of Haryana Real Estate (Regulation and Development) Rules, 2017 i.e., at the rate of SBI highest marginal cost of lending rate (MCLR) + 2 % which as on date works out to 10.75% (8.75% + 2.00%) from the date amounts were paid till the actual realization of the amount.

Authority has got calculated the total amount to be refunded along with interest calculated at the rate of 10.75% from the date of payment till the date of this order according to the receipts/statement of accounts provided by the complainants in all the captioned complaints; details are given in the table below –

Sr. No.	Complaint no.	Principal Amount as per receipts/customer ledger/statement of account (in Rs.)	Interest @ 10.75% till 01.08.2023 (in Rs.)	Total amount to be refunded (in Rs.)
1.	220 of 2023	21,30,761/-	15,93,794/-	37,24,555/-

I. DIRECTIONS OF THE AUTHORITY

17. Hence, the Authority hereby passes this order and issues following directions under Section 37 of the Act to ensure compliance of obligation cast



upon the promoter as per the function entrusted to the Authority under Section 34(f) of the Act of 2016:

- (i) Respondent is directed to refund the entire amounts along with interest of @ 10.75 % i.e., ₹ 37,24,555/- to the complainant as specified in the table provided above in para no. 16.
- (ii) A period of 90 days is given to the respondent to comply with the directions given in this order as provided in Rule 16 of Haryana Real Estate (Regulation & Development) Rules, 2017 failing which legal consequences would follow.

18. Accordingly, the complaint is disposed of. File be consigned to the record room after uploading order on the website of the Authority.


.....
Dr. GEETA RATHEE SINGH
[MEMBER]


.....
NADIM AKHTAR
[MEMBER]