BEFORE THE HARYANA REAL ESTATE REGULATORY AUTHORITY, GURUGRAM

Complaint no. : 382 of 2022
First date of hearing: 28.01.2022
Date of decision : 04.08.2023

Premo Devi and Pooja
R/O: - HEWO Apartments, Sector- 47, Gurugram

Complainants

Versus

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

Respondent

CORAM:
Shri Sanjeev Kumar Arora

Member

APPEARANCE:
Mr. A.N. Chauhan — Advocate for the complainants
Mr. Gaurav Rawat — Advocate for the respondent

ORDER

1. The present complaint dated 28.01.2022 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.

Unit and project related details

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

S. No.	Heads	Information
1.	Name and location of the project	"Shree Vardhman Victoria", village Badshapur, Sector-70, Gurugram
2.	Project area	10.9687 acres
3.	Nature of the project	Group housing colony
4.	DTCP license no. and validity status	103 of 2010 dated 30.11.2010 valid upto 29.11.2020
5.	Name of the Licensee	Santur Infrastructures Pvt. Ltd.
6.	RERA registered/ not registered and validity status	**Registered** Registered vide no. 70 of 2017 dated 18.08.2017 Valid upto 31.12.2020
7.	Unit no.	501, Tower - A (Annexure- A on page no. 18 of the reply)
8.	Unit admeasuring	1950 sq. ft. (Annexure- A on page no. 18 of the reply)

9.	Date of flat buyer's agreement	24.09.2014 (Annexure- A on page no. 15 of the reply)
11.	Payment plan	Construction linked payment plan (Annexure- A on page no. 34 of the reply)
12.	Total consideration	Rs. 1,16,65,500/- (Annexure- B on page no. 49 of the reply)
13.	Total amount paid by the complainants	Rs. 1,16,04,745/- (Annexure- B on page no. 49 of the reply)
14.	Date of commencement of construction	07.05.2014 (As stated by respondent on page 6 of reply)
15.	Possession clause	**14(a)** The construction of the flat is likely to be completed **within a period of 40 months of commencement of construction of the particular tower/ block in which the subject flat is located with a grace period of 6 months**, on receipt of sanction of the building plans/ revised plans and all other approvals subject to force majeure including any restrains/ restrictions from any authorities, non-availability of building materials or dispute with construction agency/ workforce and circumstances beyond the control of company and subject to timely payments by the buyer(s) in the said complex.

		(Emphasis supplied)
16.	Due date of delivery of possession	07.03.2018 (Calculated from the date of commencement of construction)
17.	Occupation certificate	Received on 13.07.2022 (As per DTCP website)
18.	Offer of possession	01.08.2022 (As stated by counsel of complainants vide proceeding dated 04.08.2023)
19.	Grace period utilization	Grace period is allowed in the present complaint.

Facts of the complaint

i. That the complainants who are the current owner of the flat unit bearing No. A-501, at Shree Vardhman Victoria, Sector – 70, Gurugram purchased it from the respondent. The project of the respondent is situated in Gurgaon. Thus, cause of action accrued at Gurgaon. In terms of clause 32 of buyer's agreement, "in case of any disputes or differences arising or touching this Agreement, the same shall be subject to jurisdiction of Courts of Delhi or Gurgaon (Haryana) only. As such, the Hon'ble Authority has got the territorial jurisdiction to entertain the present complaint.

ii. That the infrastructure as manifested in the advertisements (and as explained) influenced the complainants and subsequently they booked a flat in the project. The respondent vide letter Memo No. SVIPL/336 dated 7.11.2012 allotted a residential unit. That thereafter the respondent entered into an agreement called flat buyer's agreement with the complainants vide agreement dated

24.09.2014 for above said flat in Tower A in the Shree Vardhaman Victoria, Sector 70, Gurugram for a total consideration of Rs. 1,03,15,500 as per flat buyer's agreement

iii. That, the flat buyer agreement was signed between the parties on 24.09.2014 after receiving Rs. 36,11,940/- under payment plan B with a basic cost of Rs. 1,03,15,500/- . It was promised in the flat buyer's agreement to deliver the possession of the unit within a period of forty (40) months period as per clause 14(a) of flat buyer agreement. The said period of 40 months expired on 07.03.2018.

iv. That the respondent have acknowledged receipt of a sum of Rs. 92,92,617/97 till 30.05.2018 from them. The complainants paid 100% of total basic cost of flat till 30.05.2018. That the total sale consideration of the Flat is Rs. 1,03,15,500/-, out of which the complainants as per the respondents have paid a sum of Rs. 92,92,617 till 30.05.2018. It is a matter of record that they have paid installments as per the demand raised by the respondent. They are ready and willing to pay the balance amount if any, computed and found payable after taking into consideration the compensation receivable by them. That the respondent-builder has to deliver the possession of the Unit within a period forty (40) months from the date of commencement of construction of said complex. The respondent failed to complete the project as promised in the flat buyer's agreement, and a new date for completion of the project was informed every time to them, whenever the complainants happened to visit its office.

v. That they represented to the respondent and even visited their offices to know the date of completion/possession but no satisfactory reply was given by the respondent. It is worthwhile to

mention over here that the respondent was supposed to deliver the possession within 40 months from the date of commencement of construction of the said complex as promised in the agreement but already this project is delayed for more than 8 years which is basically against the commitment made by the respondent to them.

vi. That, the respondent's vide letter dated 14.01.2020 gave a commitment to handover towers A, B, C, H & I by June 2020 and towers D, E & F by end of December 2020. That, the flat of complainant's falls in A block. That the complainants have suffered immense financial losses due to the above-mentioned delay. Despite having paid the cost of said unit in toto to the respondent, the respondent has not completed the construction till date. Thus the respondent had caused economic hardship, mental agony and financial loss to them.

vii. That the above acts/omissions and neglects only show that the respondent is good in making false promises and pressurized the esteemed customers so that all money it receive can be diverted to other projects. Such malpractices, failure to perform the obligations, besides being criminally intended are purposively misconducts of the respondent. That at the time of sale of the Flat, the respondent had given all rosy pictures and had made false promises to the complainants and cheated complainants by not giving possession as agreed in the agreement. The respondent has miserably failed to comply with its contractual obligations of handing over possession as per the agreed time frame and even after several years, it has not completed the construction works which is a clearcut case of "deficiency in service" on part of the Respondent.

viii. That the respondent had given false promises and assurances to the complainants and had malafide intention with the motive to cheat and extract money from them. Further the respondent's dealings was vague from the very inception resulting into hardship, financial loss, harassment, frustration, grave mental agony and emotional disturbance to the complainants and also amount to breach of trust. Furthermore, the respondent is deliberately delaying the completion of construction on the project, thereby forcing them to take legal action against the respondent for taking possession of the above-mentioned Flat.

ix. They have invested their hard-earned money in the hope that they will have a residence of his own to reside, on the project floated by the respondent and on promises, allurements made by it in the terms of flat buyer's agreement as well as the advertisement of the project. They also took heavy loans to pay to the respondent.

x. The respondent has admittedly failed to comply with their contractual obligations of handing over possession as per the time frame and even after several years, the respondent has not completed the entire construction works which is a clearcut case of "deficiency in service" on part of the respondent.

xi. They have visited the project & unit on multiple dates for taking possession of the unit but shocked to see that neither the unit is complete nor the project is complete.

xii. That the cost of the unit is being increased causing grave mental agony and harassment to them.

xiii. They have been unnecessarily harassed, exposed to financial insecurity and resulting into mental agony, due to the wrong doings and illegal actions of respondent. They approached and requested

the respondent to give them possession of the said unit on agreed terms and fair conditions, but all their efforts went in vain. Under these circumstances, they have been left with no other alternative except to approach this Hon'ble Authority for the redressal of their legitimate grievances and to avoid harassment at the hands of respondent and their staff.

C. Relief Sought

3. This Authority may direct the respondent as follows:

i. Direct the respondent to provide the possession to the complainants along with prescribed rate of interest on delay in handing over of possession of the apartment on the amount paid by the complainants from the due date of possession as per the buyer's agreement till the actual date of possession of the apartment.

ii. Direct the respondent to grant leave to the complainants to approach to the Hon. Adjudicating officer for seeking compensation for the mental harassment and financial burden caused for the delayed delivery of possession.

iii. Direct the respondent for non-renewal or lapse of registration of the project under section 8 read with section 61 of the Act.

D. Reply by the respondent

4. 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.

5. The complainants have sought reliefs under section 18 of the RERA Act, but the said section is not applicable in the facts of the present case and as such, the complaint deserves to be dismissed. It is submitted that the operation of Section 18 is not retrospective in nature and the same cannot be applied to the transactions which were entered prior to the RERA Act came into force. The complaint as such cannot be adjudicated under the provisions of RERA Act.

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

7. It is submitted without prejudice to above objection, 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.

8. That the FBA executed in the present case did not provide any definite date or time frame for handing over of possession of the apartment to the complainants and on this ground alone, the refund and/or compensation and/or interest cannot be sought under RERA Act. Even clause 14 (a) of the FBA merely 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.

9. 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 and/or compensation on

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

10. 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

11. 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.*

12. 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

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

> *"119. Under the provisions of Section 18, the delay in handing over the possession would be counted from the date mentioned in the agreement for sale entered into by the promoter and the allottee prior to its registration under RERA. Under the provisions of RERA, the promoter is given a facility to revise the date of*

completion of project and declare the same under Section 4. The RERA does not contemplate rewriting of contract between the flat purchaser and the promoter.....

122. We have already discussed that above stated provisions of the RERA are not retrospective in nature. They may to some extent be having a retroactive or quasi retroactive effect but then on that ground the validity of the provisions of RERA cannot be challenged. The Parliament is competent enough to legislate law having retrospective or retroactive effect. A law can be even framed to affect subsisting / existing contractual rights between the parties in the larger public interest. We do not have any doubt in our mind that the RERA has been framed in the larger public interest after a thorough study and discussion made at the highest level by the Standing Committee and Select Committee, which submitted its detailed reports."

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

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

15. 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.

16. **Admissibility of delay possession charges at prescribed rate of interest:** The complainants are seeking delay possession charges at the prescribed rate, proviso to section 18 provides that where an allottee does not intend to withdraw from the project, they 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.*

17. 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.

18. 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., 04.08.2023 is 8.75%. Accordingly, the prescribed rate of interest will be marginal cost of lending rate +2% i.e., 10.75%.

19. 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;"*

20. Therefore, interest on the delay payments from the complainants shall be charged at the prescribed rate i.e., 10.75% by the respondent/promoter which is the same as is being granted to the complainants in case of delayed possession charges.

21. 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 24.09.2014, the possession of the subject apartment was to be delivered within stipulated time i.e., by 07.03.2018. As far as grace period is concerned, the same is allowed for the reasons quoted above. The respondent has delayed in offering the possession but the same is offered on 01.08.2022 as mutually agreed by the parties. 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., 07.03.2018 till date of receipt of occupation certificate i.e., 13.07.2022 plus two months which is 13.09.2022 at prescribed rate i.e., 10.75 % p.a. as per proviso to section 18(1) of the act read with rule 15 of the rules.

22. The relief sought mentioned at serial no. iii. of the list is not pressed in the court proceeding by the counsel of the complainants. So, no direction to this effect can be given.

G. Directions of the authority

23. 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 handover the physical possession of the subject unit as OC has already been obtained.

ii. The respondent is directed pay to the complainants the delayed possession charges at the prescribed rate of interest i.e., 10.75 %p.a. for every month of delay on the amount paid by her to the respondent from the due date of possession i.e., 07.03.2018 till date of receipt of occupation certificate i.e., 13.07.2022 plus two months which is 13.09.2022

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

iv. The complainants are directed to pay outstanding dues, if any, after adjustment of interest for the delayed period.

v. The rate of interest chargeable from the allottee by the promoter, in case of default shall be charged at the prescribed rate i.e., 10.75% by the respondent/promoter which is the same rate of interest which the promoter shall be liable to pay the allottee, in case of default i.e., the delayed possession charges as per section 2(za) of the Act.

24. Complaint stands disposed of.

25. File be consigned to registry.

(Sanjeev Kumar Arora)
Member

Haryana Real Estate Regulatory Authority, Gurugram
Dated: 04.08.2023