Complaint No. 410 of 2024 and 1 other

# BEFORE THE HARYANA REAL ESTATE REGULATORY AUTHORITY, GURUGRAM

#### Date of order : 04.09.2024

| Name of the<br>Builder<br>Project Name |               | NINANIYA ESTATES LIMITED.                        |   |  |
|--|---------------|--|---|--|
|  |               | PRISM PORTICO                                    |   |  |
| S.no.                                  | Complaint No. | Complaint title                                  | Attendance  |  |
| 1.                                     | CR/410/2024   | Gunita Singh V/s Ninaniya Estates Ltd.           | Rahul Bahrdwaj<br>(Complainant)<br>None<br>(Respondent) |  |
| 2.                                     | CR/411/2024   | Mandeep Singh Lamba V/s Ninaniya<br>Estates Ltd. | Rahul Bahrdwaj<br>(Complainant)<br>None<br>(Respondent) |  |

| CORAM:        |        |
|---------------|--------|
| Ashok Sangwan | Member |

#### ORDER

- This order shall dispose of both the complaints titled above filed before this authority under section 31 of the Real Estate (Regulation and Development) Act, 2016 (hereinafter referred as "the Act") read with rule 28 of the Haryana Real Estate (Regulation and Development) Rules, 2017 (hereinafter referred as "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 its obligations, responsibilities and functions to the allottees as per the agreement for sale executed inter se parties.
- 2. The core issues emanating from them are similar in nature and the complainant(s) in the above referred matters are allottees of the project, namely, Prism Portico, Sector 89, Gurugram being developed by the respondent/promoter i.e., Ninaniya Estates. Ltd. The terms and

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conditions of the application form, fulcrum of the issue involved in all these cases pertains to failure on the part of the promoter to deliver timely possession of the units in question, seeking award of possession, delay possession charges and assured return.

3. The details of the complaints, unit no., date of agreement, possession clause, due date of possession, total sale consideration, total paid amount, and relief sought are given in the table below:

| Project Name and<br>Location                            | "Prism Portico", Sector-89, Gurugram.  |  |  |
|---|--|--|--|
| Project area  | 5.05 acres   |  |  |
| Nature of the project                                   | Executive Suite and Commercial Complex   |  |  |
| DTCP license no. and other details                      | 179 of 2008 dated 11.10.2008 valid upto 10.10.2018<br>Licensee- Ninaniya Estates Ltd.  |  |  |
| RERA Registered/ not<br>registered                      | Not Registered   |  |  |
| Occupation certificate                                  | Not yet obtained   |  |  |
| Possession clause                                       | Clause 5. COMPLETION AND POSSESSION  |  |  |
|   | <b>5.1</b> That the Company shall complete the construction of the said Unit within 40 months from the date of execution of this Agreement and/or from the start of construction whichever is later and offer of possession will be sent to the Allottee subject to the condition that all the amounts due and payable by the Allottee by the stipulated date as stated in Annexure-II attached with this agreement. |  |  |
|   | Clause 5.2   |  |  |
|   | If there is any delay due to any force majeure reasons<br>as explained hereinafter then the period of delay shall<br>commence 6(six) months after the due date, as these 6<br>(six) months <b>period shall be grace period</b> available<br>with the Company to complete the said Complex."  |  |  |
| Assured Return Clause as<br>per MoU dated<br>16.01.2018 | Clause 6.<br>"The developer shall pay the assured return<br>@Rs.49,602/- (Rupees Forty Nine Thousand Six<br>Hundred Two Only) per month on or before 01 <sup>st</sup> of<br>every month after the expiry of the month for which<br>it shall fall due w.e.f. 16/Jan/2018, till the 36 months<br>i.e. on 16/Jan/2021.  |  |  |

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| CR/410/2024<br>Gunita Singh<br>V/s Ninaniya<br>Estates Ltd.  | GB-05,<br>Retail<br>shop,   | BBA-  | 16110004  | complainant   | 1.1 1.1 1.0 10.0  | In the second   |
|--|---|---|---|---|---|---|
| DOF:<br>20.02.2024   | Groun<br>d floor<br>(As on<br>page<br>no. 47<br>of<br>compla<br>int)                              | 16.01.20<br>18<br>(As on<br>page no.<br>46 of<br>complai<br>nt)<br>MoU-<br>16.01.20<br>18<br>(As on<br>page no.<br>64 of<br>complai<br>nt)  | 16.11.2021<br>[Calculated<br>as 40<br>months<br>from the<br>date of<br>execution of<br>agreement<br>+ grace<br>period of 6<br>months is<br>allowed<br>being<br>unqualified]   | BSP:<br>Rs.41,62,500/-<br>(As on page no.<br>49 of complaint)<br>AP:<br>Rs. 41,62,500/-<br>[As per page 50<br>of complaint]   | Not offered   | Possession<br>Delay<br>possession<br>charges,<br>Assured<br>return  |
| CR/411/2024<br>Aandeep Singh<br>Lamba V/s<br>Ninaniya<br>Estates Ltd.<br><b>DOF:</b><br>20.02.2024 | GD-05,<br>Retail<br>shop,<br>Groun<br>d floor<br>(As on<br>page<br>no. 81<br>of<br>compla<br>int) | BBA-<br>16.01.20<br>18<br>(As on<br>page no.<br>79 of<br>complai<br>nt)<br>MoU-<br>16.01.20<br>18<br>(As on<br>page no.<br>97 of<br>complai<br>nt)  | 16.11.2021<br>[Calculated<br>as 40<br>months<br>from the<br>date of<br>execution of<br>agreement<br>+ grace<br>period of 6<br>months is<br>allowed<br>being<br>unqualified]   | BSP:<br>Rs.70,94,780/-<br>(As on page no.<br>82 of complaint)<br>AP:<br>Rs. 32,66,100/-<br>[As per page 83<br>of complaint]   | Not offered   | Possession,<br>Delay<br>possession<br>charges,<br>Assured<br>return   |
| 1  | andeep Singh<br>Lamba V/s<br>Ninaniya<br>Estates Ltd.<br><b>DOF:</b><br>20.02.2024                | CR/411/2024<br>CR/411/2024<br>CR/411/2024<br>CR/411/2024<br>CR/411/2024<br>CBD-05,<br>Retail<br>shop,<br>Groun<br>d floor<br>Croun<br>d floor<br>Croun<br>d floor<br>Page<br>no. 81<br>of<br>compla<br>int) | compla<br>int)16.01.20<br>int)int)18<br>(As on<br>page no.<br>64 of<br>complai<br>nt)CR/411/2024GD-05,<br>RetailBBA-<br>RetailCR/411/2024GD-05,<br>shop,<br>18<br>Groun<br>d floorBBA-<br>no. 81<br>of<br>of<br>complai<br>no. 81<br>of<br>of<br>int)DOF:<br>20.02.2024page<br>(As on<br>of<br>int)n0U-<br>complai<br>16.01.20<br>int)Dof:<br>20.02.2024page<br>(As on<br>of<br>of<br>int)n0U-<br>complai<br>16.01.20<br>int) | compla<br>int)16.01.20<br>period of 6<br>months is<br>allowed<br>being<br>unqualified]<br>complai<br>nt)period of 6<br>months is<br>allowed<br>being<br>unqualified]<br>complai<br>nt)CR/411/2024GD-05,<br>RetailBBA-<br>16.11.2021<br>Retail16.11.2021<br>RetailCR/411/2024GD-05,<br>Nonaniya<br>Estates Ltd.BBA-<br>Groun<br>d floor16.11.2021<br>RetailDOF:<br>20.02.2024gage no.<br>no. 81<br>of<br>int)months<br>agreement<br>of<br>NoU-<br>trace<br>complafrom the<br>agreement<br>of<br>int)DOF:<br>20.02.2024page<br>int)nt)execution of<br>agreement<br>of<br>int)Item int)18<br>item int)months is<br>agreement<br>of<br>item int)Item int)18<br>item int)months is<br>agreement<br>of<br>item int)Item int)18<br>item int)months is<br>agreement<br>item int)Item int)18<br>item int)months is<br>agreement<br>item int) | compla<br>int)16.01.20<br>period of 6<br>months is<br>allowed<br>page no.<br>being<br>of 4 of<br>unqualified]<br>complai<br>nt)period of 6<br>months is<br>allowed<br>page no.<br>being<br>of unqualified]<br>complai<br>nt)CR/411/2024GD-05,<br>RetailBBA-<br>16.11.2021<br>Shop,<br>from the<br>d floor<br>79 of<br>from the<br>complai<br>d floor<br>20.02.2024BD-05,<br>RetailBBA-<br>(As on<br>as 40<br>response of complaint)BSP:<br>Rs.70,94,780/-<br>(As on page no.<br>82 of complaint)DOF:<br>20.02.2024page<br>nt)<br>for<br>maniyant)AP:<br>execution of<br>agreement<br>of MoU-<br>from the<br>sis<br>(As on<br>agreement<br>of<br>int)MoU-<br>for agreenent<br>agreement<br>of complai<br>floor page no.<br>for allowed<br>page no.<br>period of 6<br>int)AP:<br>complai<br>sis<br>of complaint]DOF:<br>20.02.2024page<br>no. 81<br>of<br>int)18<br>(As on<br>agreement<br>of complai<br>floor page no.<br>period of 6<br>int)agreement<br>of complaint]int)18<br>(As on<br>agreement<br>of complai<br>int)18<br>(As on<br>allowed<br>page no.<br>period of 6<br>int)int)18<br>(As on<br>page no.<br>page no.<br>page no.<br>page no.<br>period of 6<br>int)18<br>(As on<br>allowed<br>page no.<br>page no.<br> | compla<br>int)16.01.20<br>period of 6<br>months is<br>allowed<br>page no.<br>being<br>of 4 of<br>unqualified]<br>complai<br>nt)period of 6<br>months is<br>allowed<br>being<br>unqualified]CR/411/2024GD-05,<br>RetailBBA-<br>16.01.2016.11.2021<br>RetailBSP:<br>Rs.70,94,780/-<br>(As on page no.<br>82 of complaint)Not offered<br>Rs.70,94,780/-<br>(As on page no.<br>82 of complaint)andeep Singh<br>Lamba V/s<br>Ninaniya18<br>Groun<br>(As on<br>age no.<br>d floor<br>page no.<br>months[Calculated<br>Rs.70,94,780/-<br>(As on page no.<br>82 of complaint)Not offered<br>Rs.70,94,780/-<br>(As on page no.<br>82 of complaint)DOF:<br>20.02.2024n0<br>of<br>MoU-<br>int)18<br>(As on<br>agreement<br>of<br>MoU-<br>+ grace<br>complaRs. 32,66,100/-<br>[As per page 83<br>of complaint]Dof:<br>10n0.81<br>(As on<br>page no.<br>page n |

4. The facts of all the complaints filed by the complainant(s)/allottee(s) are similar. Out of the above-mentioned case, the particulars of lead case CR/410/2024 titled as Gunita Singh V/s Ninaniya Estates Ltd.

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are being taken into consideration for determining the rights of the allottee(s).

# A. Project and unit related details

5. 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 tabular form:

| S. No. | Heads  | Details  |
|--------|--|--|
| 1.     | Project name and location  | "Prism Portico" Sector-89 Gurgaon-<br>Pataudi Road, Gurugram, Haryana.   |
| 2.     | Project area   | 5.05 acres   |
| 3.     | Nature of project  | Executive Suite and Commercial Complex.  |
| 4.     | RERA registered/not registered   | Un-registered.   |
| 5.     | DTPC license no. & validity status   | 179 of 2008 dated 11.10.2008 valid<br>Upto 10.10.2018  |
| 6.     | Name of licensee   | Ninaniya Estates Ltd.  |
| 7.     | Unit no.   | GB-05, Retail shop, Ground floor<br>(As on page no. 47 of complaint)   |
| 8.     | Unit measuring<br>[Super Area]   | 450sq.ft. [Super-Area]<br>(As on page no. 47 of complaint)   |
| 9.     | Date of execution of buyer agreement   | 16.01.2018<br>(As on page no. 46 of complaint)   |
| 10.    | Date of start of construction  |  |
| 11.    | Due date of delivery of<br>possession as per clause<br>5.1 & 5.2 of the buyer's<br>agreement: 40 Months<br>from the date of execution<br>of BBA or/and start of<br>construction, whichever is<br>later, + 6 Months of grace<br>period. | [Calculated as 40 months from the date<br>of execution of agreement + grace<br>period of 6 months is allowed being<br>unqualified] |

## CR/410/2024 titled as Gunita Singh V/s Ninaniya Estates Ltd.

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| 12. | MoU dated  | 16.01.2018<br>(page 64 of complaint)  |
|-----|--|---|
| 13. | Basic Sale Price                                   | Rs.41,62,500/-<br>(As on page no. 49 of complaint)  |
| 14. | Amount paid  | Rs. 41,62,500/-<br>(As per page 50 of complaint)  |
| 15. | Assured returns as per the<br>MOU dated 16.01.2018 | Clause 6.<br>"The developer shall pay the assured<br>return @Rs.49,602/- (Rupees Forty<br>Nine Thousand Six Hundred Two Only)<br>per month on or before 01 <sup>st</sup> of every<br>month after the expiry of the month for<br>which it shall fall due w.e.f. 16/Jan/2018,<br>till the 36 months i.e. on 16/Jan/2021." |
| 16. | Occupation certificate                             | Not obtained  |
| 17. | Date of offer of possession                        | Not offered   |

#### B. Facts of the complaint

- 6. The complainant has made the following submissions: -
  - I. That the complainant vide a Memorandum of Understanding dated 21.01.2012 booked a suite in project of the respondent named "Prism Executive Suites" admeasuring 825 sq.ft. for a total sale consideration of Rs.39,60,000/- in the upcoming Prism tower. Thereafter, the complainant made a payment of Rs.30,00,000/- to the respondent which has been further acknowledged by the respondent in the said MoU.
  - II. That the respondent has miserably failed to comply with the terms and conditions of the MoU, despite receiving more than 75% of the amount from the complainant at the time of booking of the unit. Even after more than 5 years, respondent failed to provide possession of the said unit to the complainant.
- III. That the respondent had also failed to abide by Clause 2 & 4 of the MoU with regard to providing the complainant with regular assured returns

till the handover of the possession. Whereas, in reality the complainant was provided with assured returns only for a couple of months from the date of execution of MOU in 2012.

- IV. That at the time of executing the MoU, the complainant was assured that the project shall be completed within 3 years. However, in 2015, when complainant visited the project site, it was observed that the project was nowhere near completion.
- V. That after a period of 4 years, vide letter dated 18.04.2016, titled "Intimation of Possession", the complainant was informed by the respondent that the construction work of complainant's Executive Suite bearing no. 311 in Tower – C of the said project was complete. The complainant was also informed that its unit was being kept at "pre-possession stage" and will be taken up after clearance of all pending dues. By 2017 the complainant had already paid an amount of Rs.41,62,500/- towards the total sale consideration, which is more than the amount that was originally agreed.
- VI. That finally after a huge delay of 2 years, the complainant was offered possession vide offer of possession letter dated 24.04.2017. The complainant through this offer of possession was requested to clear pending dues of Rs.2,13,600/- as per the annexure attached along with the offer of possession letter.
- VII. That after providing complainant with offer of possession of the suite under MOU, the respondent in 2017 approached complainant with an alternative offer of exchanging their unit under 2012 project with a new retail unit in an upcoming project of the respondent named "Prism Portico" and the complainant agreed to exchange the complainant's unit under 2011 agreement with a new unit under 'Prism Portico' project as per 2018 agreement. In pursuance of the

same, the respondent executed a buyer's agreement dated 16.01.2018 with the complainant.

- VIII. That as per the buyer's agreement, the complainant was allotted a retails shop bearing no. GB-05, admeasuring 450 sq.ft. on Ground Floor of "Prism Portico Complex", Sector-89, Gurgaon-Pataudi Road, Haryana for a basic sale price of Rs.41,62,500/-. It is pertinent to note that a total amount of Rs.41,62,500/- paid towards suite under the MoU of 2012 was entirely adjusted towards the initial payment of the retail shop under the agreement, which was 100% of the basic sale price of the unit booked.
  - IX. That the simultaneous to the execution of the 2018 agreement an MoU dated 16.01.2018 had been executed between the parties.
  - X. That as per the clause 2 of the MoU dated 16.01.2018, the respondent undertook to pay the complainant assured returns on the amount of Rs.41,62,500/- of Rs.49,602/- per month w.e.f. 16.01.2018 for every month till 16.01.2021, i.e. for upcoming 36 months from that day. Whereas, in reality the complainant was provided with assured returns only for a period of few months from the date of execution of MoU and agreement in 2018.
  - XI. That the complainant despite having paid the entire sale consideration at the time of 2018 agreement further paid an amount of Rs.10,71,408/- and the same has been acknowledged by the respondent vide letter dated 12.10.2020. It is pertinent to mention that the respondent had adjusted the payment towards pending assured returns in its final arbitrary demand without providing any delayed interest over them.
- XII. The grievance of the complainant is that despite receiving substantial consideration from the complainant for the said unit, the respondent

has miserably failed to hand over the actual/valid offer of possession of the unit to him till date.

# C. Relief sought by the complainant:

- 7. The complainant has sought following relief(s):
  - i. Direct the respondent to handover possession of the unit and to pay delay possession charges as per the Act, 2016.
  - ii. Direct the respondent to pay assured return as per the MoU.
  - iii. Litigation cost.
- 8. Despite due service of notice through speed post and specific direction vide order dated 10.04.2023, no reply has been received from respondent with regard to the present complaint and also none has put in appearance on its behalf before the Authority. Therefore, the respondent was proceeded ex-parte vide proceedings dated 10.07.2024. However, in the interest of justice, the respondent was given an opportunity to file written arguments within a period of 2 weeks with an advance copy to the complainant, but the same has not been filed by it till date. Hence, in view of the same, the Authority is deciding the complaint on the basis of these undisputed documents available on record and submissions made by the complainant.

# D. Jurisdiction of the authority

9. The authority has complete territorial and subject matter jurisdiction to adjudicate the present complaint for the reasons given below.

## D.I Territorial jurisdiction

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

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

# D.II Subject matter jurisdiction

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

### Section 11.....(4) The promoter shall-

(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.

 So, in view of the provisions of the Act quoted above, the authority has complete jurisdiction to decide the complaint regarding noncompliance of obligations by the promoter.

# E. Findings on the relief sought by the complainant.

# E.I Direct the respondent to pay assured return as per MoU.

E.II Direct the respondent to handover possession of the unit and to pay delay possession charges as per the Act, 2016

11. The complainant in the present complaint is seeking the above-said reliefs w.r.t the earlier unit allotted to her as well as for the present unit allotted to her vide buyer's agreement dated 16.01.2018. However, after execution of subsequent agreement dated 16.01.2018, all the previous transactions between the parties stands superseded by the said agreement. Moreover, the said exchange of unit was made by the complainant at her free will and relief w.r.t the same cannot be granted at this belated stage. In view of the above, only relief w.r.t the unit in question is being decided by the Authority.

- 12. The complainant has submitted that she was allotted a retail shop bearing no. GB-05, admeasuring 450 sq.ft. on Ground Floor in the project of the respondent named "Prism Portico Complex", Sector-89, Gurgaon vide buyer's agreement dated 16.01.2018 for a basic sale price of Rs.41,62,500/- against which she has paid a sum of Rs.41,62,500/- in all. Further, after execution of the said agreement an MoU dated 16.01.2018 was also executed between the parties.
- 13. The complainant has further submitted that as per the clause 2 of the MoU dated 16.01.2018, the respondent undertook to pay the complainant assured returns @Rs.49,602/- inclusive of TDS per month w.e.f. 16.01.2018 for every month till 16.01.2021, i.e. for upcoming 36 months from that day. Whereas, in reality the complainant was provided with assured returns only for a period of few months from the date of execution of MoU and agreement in 2018.
- 14. The MoU dated 16.01.2018 can be considered as an agreement for sale interpreting the definition of the agreement for "agreement for sale" under section 2(c) of the Act and broadly by taking into consideration the objects of the Act. Therefore, the promoter and allottee would be bound by the obligations contained in the memorandum of understandings and the promoter shall be responsible for all obligations, responsibilities, and functions to the allottee as per the agreement for sale executed inter-se them under section 11(4)(a) of the Act. An agreement defines the rights and liabilities of both the parties i.e., promoter and the allottee and marks the start of new contractual relationship between them. This contractual relationship gives rise to future agreements and transactions between them. The "agreement for sale" after coming into force of this Act (i.e., Act of 2016) shall be in the prescribed form as per rules but this Act of 2016

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does not rewrite the "agreement" entered between promoter and allottee prior to coming into force of the Act as held by the Hon'ble Bombay High Court in case *Neelkamal Realtors Suburban Private Limited and Anr. v/s Union of India & Ors.*, (Writ Petition No. 2737 of 2017) decided on 06.12.2017.

- 15. The money was taken by the builder as a deposit in advance against allotment of immovable property and its possession was to be offered within a certain period. However, in view of taking sale consideration by way of advance, the builder promised certain amount by way of assured returns for a certain period. So, on his failure to fulfil that commitment, the allottee has a right to approach the authority for redressal of his grievances by way of filing a complaint.
- 16. Further, if the project in which the advance has been received by the developer from an allottee is an ongoing project as per section 3(1) of the Act of 2016 then, the same would fall within the jurisdiction of the authority for giving the desired relief to the complainant besides initiating penal proceedings. The promoter is liable to pay that amount as agreed upon. Moreover, an agreement/MoU defines the builder-buyer relationship. So, it can be said that the agreement for assured returns between the promoter and allottee arises out of the same relationship and is marked by the said memorandum of understanding.
- 17. In the present complaint, the assured return was payable as per clause6 of MoU, which is reproduced below for the ready reference:

#### Clause 6.

"The developer shall pay the assured return @Rs.49,602/- (Rupees Forty Nine Thousand Six Hundred Two Only) per month on or before 01<sup>st</sup> of every month after the expiry of the month for which it shall fall due w.e.f. 16/Jan/2018, till the 36 months i.e. on 16/Jan/2021."

Thus, the assured return was payable @Rs.49,602/- per month w.e.f. 16.01.2018, till 36 months i.e. 16.01.2021.

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- 18. In light of the reasons mentioned above, the authority is of the view that as per the MoU dated 16.01.2018, it was obligation on the part of the respondent to pay the assured return. It is necessary to mention here that the respondent has failed to fulfil its obligation as agreed inter se both the parties in MoU dated 16.01.2018. Accordingly, the liability of the respondent to pay assured return as per MoU is still continuing. Therefore, the authority directs the respondent/promoter to pay assured return to the complainant at the agreed rate i.e., @Rs.49,602/- per month from the date i.e., 16.01.2018 till 36 months i.e. 16.01.2021, after deducting the amount already paid on account of assured return against the unit in question to the complainant.
- Further, the complainant is seeking delay possession charges at prescribed rate from the respondent in terms of Section 18 of the Act, 2016.
- 20. Clause 5 of the buyer's agreement (in short, agreement) provides for handing over of possession and is reproduced below:

"Clause 5. COMPLETION AND POSSESSION

**5.1** That the Company shall complete the construction of the said Unit within 40 months from the date of execution of this Agreement and/or from the start of construction whichever is later and offer of possession will be sent to the Allottee subject to the condition that all the amounts due and payable by the Allottee by the stipulated date as stated in Annexure-II attached with this agreement.

**5.2** If there is any delay due to any force majeure reasons as explained hereinafter then the period of delay shall commence 6(six) months after the due date, as these 6 (six) months **period shall be grace period** available with the Company to complete the said Complex".

21. **Due date of possession and admissibility of grace period:** As per clause 5 of the agreement dated 16.01.2018, the possession of the allotted unit was supposed to be offered within a stipulated timeframe of 40 months from the date of execution of agreement or start of construction, whichever is later plus 6 months of grace period.

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However, there is no document available on record vide which the date of start of construction can be ascertained. Accordingly, the due date is being calculated from the date of execution of the agreement. Given the fact that the grace period was unqualified, the same is allowed. Accordingly, in the present case, the due date of possession comes out to be 16.11.2021.

22. Admissibility of delay possession charges at prescribed rate of interest: The complainant is seeking delay possession charges however, proviso to section 18 provides that where an allottee does not intend to withdraw from the project, she 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 subsections (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

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.

- 23. 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.
- 24. Consequently, as per website of the State Bank of India i.e., <u>https://sbi.co.in</u>, the marginal cost of lending rate (in short, MCLR) as

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on date i.e., 04.09.2024 is 9.10%. Accordingly, the prescribed rate of interest will be marginal cost of lending rate +2% i.e., 11.10%.

25. 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;"
- 26. Therefore, interest on the delay payments from the complainant shall be charged at the prescribed rate i.e., **11.10%** by the respondent/promoter which is the same as is being granted to her in case of delayed possession charges.
- 27. On consideration of the documents available on record and submissions made by the complainant, the authority is satisfied that the respondent is in contravention of the provisions of the Act. By virtue of clause 5 of the agreement executed between the parties on 16.01.2018, the possession of the subject unit was to be delivered by 16.11.2021. The respondent has failed to hand over possession of the subject unit till the date of this order. 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. The authority is of the considered view that there is delay on

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the part of the respondent in offering possession of the allotted unit to the complainant as per the terms and conditions of the buyer's agreement dated 16.01.2018 executed between the parties. Further, no OC/part OC has been granted to the project. Hence, this project is to be treated as an on-going project and the provisions of the Act shall be applicable equally to the builder as well as allottee.

28. Accordingly, it is the failure of the promoter to fulfil its obligations and responsibilities as per the agreement dated 16.01.2018 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 the due date of possession i.e., 16.11.2021 till the date of valid offer of possession plus 2 months after obtaining occupation certificate from the competent authority or actual handing over of possession, whichever is earlier; at prescribed rate i.e., 11.10% p.a. as per proviso to section 18(1) of the Act read with rule 15 of the rules.

#### E.III Direct the respondent to pay litigation cost.

29. The complainant is seeking above mentioned relief w.r.t. compensation. Hon'ble Supreme Court of India in civil appeal nos. 6745-6749 of 2021 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 and 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 and litigation expense shall be adjudged by the adjudicating officer having due regard to the factors mentioned in section 72. The adjudicating

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officer has exclusive jurisdiction to deal with the complaints in respect of compensation. Therefore, the complainant is advised to approach the adjudicating officer for seeking the relief of litigation expenses.

## F. Directions of the authority

- 30. 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/promoter is directed to pay assured return to the complainant(s) at the agreed rate i.e., @Rs.49,602/- per month from the date i.e., 16.01.2018 till 36 months i.e. 16.01.2021 after deducting the amount already paid on account of assured return against the unit in question to the complainant(s). The respondent is further directed to pay arrears of accrued assured return as per MoU dated 16.01.2018 at the agreed rate within 90 days from the date of this order after adjustment of outstanding dues, if any, from the complainant(s) and failing which that amount would be payable with interest @9.10% p.a. till the date of actual realization.
  - ii. The respondent/promoter is directed to pay interest to the complainant(s) against the paid-up amount at the prescribed rate i.e., 11.10% p.a. for every month of delay from the due date of possession i.e., 16.11.2021 till valid offer of possession plus two months after obtaining occupation certificate from the competent authority or actual handing over of possession, whichever is earlier, as per section 18(1) of the Act of 2016 read with rule 15 of the rules.
  - iii. The arrears of such interest accrued from 16.11.2021 till the date of order by the authority shall be paid by the promoter to the allottee(s) within a period of 90 days from date of this order and interest for

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every month of delay shall be paid by the promoter to the allottee(s) before 10<sup>th</sup> of the subsequent month as per rule 16(2) of the rules.

- iv. The respondent/promoter shall not charge anything from the complainant(s) which is not the part of the agreement dated 16.01.2018.
- v. The respondent/promoter is directed to handover possession of the subject unit to the complainant(s) in terms of Section 17 of the Act, 2016.
- 31. This decision shall mutatis mutandis apply to cases mentioned in para3 of this order.
- 32. Complaint stands disposed of.
- 33. File be consigned to registry.

(Ashok Sangwan) Member

Haryana Real Estate Regulatory Authority, Gurugram Dated: 04.09.2024