BEFORE THE HARYANA REAL ESTATE REGULATORY AUTHORITY, GURUGRAM

Complaint no.:	**3769 of 2025**
Date of filing of complaint:	**29.07.2025**
Date of first hearing:	**01.10.2025**
Date of decision:	**25.08.2026**

Mrs. Luxmi
R/o: - N-706, BPTP Spacio, Sector 37D, Gurugram, Haryana.

Complainant

Versus

M/s Signature Global Developers Pvt. Ltd.
Regd. Office at: - 13th floor, Dr. Gopal Das Bhawan 28, Barakhamba Road, Connaught Place, New Delhi
Alos at: Ground floor, tower A, Signature Towers South City-1, Gurugram, Haryana.

Respondent

CORAM:
Shri Arun Kumar

Chairman

APPEARANCE:
Sh. Dhananjay Jain (Advocate) Complainant
Sh. Venket Rao (Advocate) Respondent

ORDER

1. The present complaint has been filed by the complainant-allottee 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 thereunder 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. N	Particulars	Details
1.	Name of the project	Signature Global City-37D, Sector 37 D, Gurugram, Haryana
2.	Nature of the project	Affordable Plotted colony along with commercial space name "Signum Plaza 37D" at "Signature Global Park City 37D"
3.	HRERA Registered or not registered	Registered 30 of 2020 valid upto 30.07.2022
4.	DTCP license	8 of 2021 dated 05.03.2021 valid up to 04.03.2026
5.	Date of agreement for sale	20.12.2021 [Page 25 of complaint]
6.	Retail unit no.	LGF43, Ground floor (page 35 of complaint)
7.	Unit area	Carpet area 188.69 Sq.ft. (page 35 of complaint)
9.	Possession clause	*Clause 7.1 The promoter assures to handover possession of project as per agreed terms and conditions by 30.04.2023 for plot and **30.09.2023 for floor** unless there is delay due to "force majeure" .....* (Emphasis supplied) [Page 44 of complaint]
		Clause 7.2 The promoter, upon obtaining the OC of retail unit or part thereof of building or building blocks in respect of retail unit along with parking (applicable only if parking fee/charge has been paid) shall offer in writing the possession of the retail unit within 24 months with a period of additional 3 months (24+3

		months) from the date of allotment or by 30.09.2023 (whichever is earlier)
12.	Due date of possession	30.09.2023 (page 44 of complaint)
13.	Total sale consideration as per buyer developer agreement	Rs. 52,21,425/- [as alleged by the complainant]
14.	Amount paid by the complainants	Rs. 19,75,277/- 37.83% [As per SOA, page 34 of reply] paid till 31.03.2022.
15.	Demand letter	20.10.2023, 22.11.2023 & 03.01.2024
16.	Pre-cancellation letter	30.01.2024 (page 70 of complaint)
17.	Cancellation letter dated	24.02.2024 (page 31 of reply)
18.	Final settlement letter dated	18.03.2024
19.	Occupation certificate	Not obtained
20.	Offer of possession	Not offered

B. Facts of the complaint:

3. The complainant has made the following submissions by filing the present complaint: -

a) That the respondent in the year 2021 approached the Complainant and offered to invest in its upcoming project "SIGNATURE GLOBAL CITY -37D" and lured the Complainant and offered lucrative commercial shop with all the amenities and assuring delivery of possession of the said shop by 30.09.2023. Based on the assurances of the Builder, the Complainant booked a shop bearing no. LGF43 in the year 2021 admeasuring a carpet area of 188.69 Sq. Ft. for a total consideration of Rs. 52,21,425/- including GST and Cess and other taxes etc. Therefore, based on the representations and warranties the Complainant booked an independent floor in your project vide a registered Agreement to Sale dated 20.12.2021.

b) That as per the terms of the said Agreement i.e. Clause 7.1 of the said Agreement to Sale the respondent was bound to handover the possession of the said independent floor by **30.09.2023** however the construction status of the said property is far from completion. The Complainant recently visited the site and was shocked to see that the building structure itself is yet to be completed and therefore the furnishing and handover of the possession of the said property seems to be a distance dream even now.

c) That the complainant has made payment of Rs. 19,25,278/- till date and has timely made all the payments. As per clause 1.10 of the said agreement to sale the complainant has made a payment of Rs. 5,30,000/- receipt of which has been duly acknowledged by the respondent. Further, the complainant has made payment of the remaining sum of Rs. 13,95,278/- through his bank account.

d) That the respondent has yet not completed the works of the said shop and are not any close to handover the possession of the same. Further, the complainant called the respondent regarding status of the project however no proper response had been received by the complainant from the respondent. On the other-hand instead of completing the works and offering of possession of the said shop the respondent is issuing frivolous demand notices and also threating for cancellation of the said shop. Demand letter dated 24.02.2024 issued by the respondent clearly demonstrates the intention of the respondent to extort more monies from the complainant and not to handover the possession of the shop and not even completing the construction of the same.

e) That the factum of delays and the structure of the building not even being complete has come to the knowledge of the complainant and therefore the

same necessitates that there must be clear assurance and promise from the said of the respondent to handover the complete shop as per the agreed stipulation and the complainant is ready and willing to make the balance payment as when the said property is ready to be for possession. Further, the respondent has delayed the project by almost 21 months now and therefore the complainant is liable to get the compensation for the delayed possession of the said unit from the date of actual agreed date of handover till the actual possession of the said unit to the complainant.

f) That the conduct depicted by the respondent clearly demonstrates unethical and non-professional approach (to say the least) towards its customers by firstly not completing the construction in time and then issuing emails threating cancellation of the said shop for none of their fault. The complainant declares that no other complaint has been filed by the complainant in regards to the said unit against the builder before any other court of law or any other authority or any other tribunal. The complainant is a genuine homebuyer and has purchased the said shop with his hard-earned money and therefore is in grave need of the said unit for commercial use as the complainant wishes to start a small business venture from the said premises.

C. Relief sought by the complainants:

4. The complainants have sought the following relief(s):

I. Direct the respondent to handover the possession of the LGF43, "SIGNATURE GLOBAL CITY -37D" located at Sector 37 D, Gurugram to the complainant after completing the requirements of the said commercial shop in all aspects as per the said agreement to sale.

II. Direct the respondent to withdraw the illegal pre-cancellation notices/cancellation notice and illegal demand notices that has been issued to the complainant without completing the stages of construction.

III. Direct the respondent not to cancel/alienate the allotment of the said unit to any third party.

IV. Direct the respondent to pay delay penalty to the complainant as per the terms of the said agreement for the period of delay in handing over possession of the said shop bearing no. LGF43, "SIGNATURE GLOBAL CITY -37D" located at Sector 37 D, Gurugram.

5. On the date of hearing, the authority explained to the respondent/promoter about the contraventions as alleged to have been committed in relation to Section 11(4)(a) of the Act to plead guilty or not to plead guilty.

D. Reply by the respondent.

a) That on 01.10.2021, the complainant applied for allotment of retail unit vide application no. GRAP/00036/21-22 in the project of the respondent and a retail unit was allotted to the complainant bearing retail unit no. 37D-LGF43, having carpet area of 188.69 sq. ft. as permissible under law and right in the common areas.

b) That on 20.12.2021, an agreement for sale, was executed for the said unit having sale price of Rs. 52,21,410/- excluding all other charges, taxes etc. as mentioned and agreed by the complainant under the agreement. The said agreement was signed by the complainant voluntarily with free will and consent without any demur. The complainant had applied for the unit only after the due diligence, verification done and post being fully satisfied with the project.

c) That as per the provision of clause 2 of the agreement, the complainant herein had agreed that the complainant shall make all payments on written demand by the promoter, within stipulated time as mentioned in the payment plan (Schedule C). Further, as per clause 9.3 of the agreement, in case of any delay in making timely payment of amounts in terms of the payment plan or otherwise payable in the agreement the allottee was duty

bound to pay interest for the applicable period of delay at applicable rate of interest as per the applicable law.

d) That as per the provision of clause 7.1 of the agreement, the possession of the independent floor was proposed to be offered on or before 30.04.2023. The said time period for offer of possession was subject to *force majeure* circumstances.

e) That the committed date of possession fall at the time of Covid-19 when the entire nation was under lockdown and considering the same the Ministry of Finance vide Office Memorandum No. F.18/4/2020-PPD, dated 13.05.2020, had considered the period of covid-19 lockdown as *force-majeure* circumstance and had allowed the parties to the contract with an extension of 6 (six) months period for fulfilling the contractual obligations. Further, the Ministry of Housing and Urban Affairs vide Office Memorandum no. O-17024/230/2018-Housing-UD/EFS-9056405, dated 13.05.2020, had considered the said covid-19 situation as *force majeure* for real estate projects and advised the Regulatory Authorities to extend the registration date, completion date, revised completion date and extended completion date automatically by 6 (six) months due to outbreak of covid 19. Further, the Authority at Panchkula upon considering the obstructions/challenges faced by various real estate developers due to second wave of Covid–19, had allowed special extension of 3 months from 01.04.2021 to 30.06.2021, considering the same as *force majeure* event. Thus, the respondent is entitled for 3 months extension for completion of the project. Subsequently, upon removal of the Covid-19 restrictions it took time for the workforce to commute back from their villages, which led to slow progress of the completion of project. Despite, facing shortage in workforce, materials and

transportation, the respondent managed to continue with the construction work and completed the project. The respondent also has to carry out the work of repair in the already constructed building and fixtures as the construction was left abandoned during the period of Covid-19 lockdown. This led to further hurdle in timely completion of the project. In the interest of justice, the respondent being a bona-fide may also be entitled to an extension for the inadvertent delay so caused in the construction of the project owing to the world-wide Covid-19 pandemic.

f) That construction of real estate projects in Delhi NCR region was put on halt on various occasions by the various courts, Authorities etc., to mitigate the adverse effects of the pollution. Due to such ban on construction, the promoter was constrained to halt the development work in compliance of various order which effected the timely completion of the project. The said delay was completely beyond the control of the respondent and thus, the respondent is entitled for extension for such period of delay. The details of force majeure circumstances and reasons beyond the control of the Respondent are highlighted in the table below:

SN	AUTHORITIES / DATE OF ORDER	TITLE	DURATION OF BAN
1.	Environment Pollution (Prevention and Control Authority) order dated 07.11.2017		90 days
2.	Haryana State Pollution Control Board order dated 29.10.2018		01.11.2018-10.11.2018 **(10 days)**
3.	Directions vide Notification DPCC/PA to MS/2018/7919-7945 dated 24.12.2018		**3 days**
4.	Commissioner, Municipal Corporation, Gurugram order dated 11.10.2019		11.10.2019-31.12.2019 **81 days**

5.	Environment Pollution (Prevention and Control Authority) for NCR order dated 01.11.2019		01.11.2019-05.11.2019 **5 days**
6.	Supreme Court – 04.11.2019 - 14.02.2020	M. C. Mehta Vs. UOI WPC 13029 / 1985	(55days)
7.	Covid-19 extension (First Wave)- HRERA, Gurugram / 26.05.2020	Order dated 26.05.2020	6 Months extension
8.	Covid-19 extension (Second Wave) HRERA, Panchkula / 02.08.2021	Extract of the Resolution passed in the meeting dated 02.08.2021,	3 months extension
9.	Commission for Air Quality Management (NCR and Adjoining Areas) / 16.11.2021	Order dated 16.11.2021	16.11.2021 to 21.11.2021 (6 days)
TOTAL			**1.4yrs. (approx.)**

That the delay caused due to unforeseen circumstances as mentioned above, shall be considered and exempted while determination of the due date to offer possession. The respondent had carried out its obligations in agreement with utmost diligence. The complaint is not maintainable as the complaint has been filed after taking the peaceful possession.

g) That the entire case of the complainant is nothing but a web of lies, false and frivolous allegations made against the respondent. The complainant is trying to hoodwink the Authority by placing untrue facts and are attempting to hide the true colour of intention.

h) That there exists no cause of action as much as in favour of the complainant or against the respondent and the complaint under reply is liable to be dismissed as per the facts and averments as explained hereinabove.

i) That the present complaint under reply is liable to be dismissed with cost for wasting the precious time and resources of the Authority. The present complaint is an utter abuse of the process of law, and hence deserves to be dismissed.

j) That the complainant sought relief of setting aside cancellation, possession etc. cannot be granted. The complainant is not liable to said reliefs as the possession has been taken over and at the time of taking the possession, the complainant has waived off his rights by stating that the complainant has no claims whatsoever against the respondent and fully satisfied with the construction.

6. All other averments made in the complaint were denied in toto.

7. Copies of all the relevant documents have been 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

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

E.I Territorial jurisdiction

9. 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

10. 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) 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.*

11. 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 Relief sought by the complainants.

F.I Direct the respondent to handover the possession of the LGF43, "SIGNATURE GLOBAL CITY -37D" located at Sector 37 D, Gurugram to the complainant after completing the requirements of the said commercial shop in all aspects as per the said agreement to sale.

F.II Direct the respondent to withdraw the illegal pre-cancellation notices/cancellation notice and illegal demand notices that has been issued to the complainant without completing the stages of construction.

F.III Direct the respondent not to cancel/alienate the allotment of the said unit to any third party.

F.IV Direct the respondent to pay delay penalty to the complainant as per the terms of the said agreement for the period of delay in handing over possession of the said shop bearing no. LGF43, "SIGNATURE GLOBAL CITY -37D" located at Sector 37 D, Gurugram.

12. In the present case, the complainant booked a unit in the project of the respondent namely "Signature Global City-37D," situated at Sector- 37D, Gurugram and a builder buyer agreement was executed between the parties on

20.12.2021, wherein retail unit no. LGF 43, Ground floor, admeasuring 188.69 carpet area was allotted to the complainant. As per clause 7.1 of the agreement, the respondent was required to hand over possession of the unit by 30.09.2023.

13. The complainant in the present complaint is seeking relief w.r.t. the withdrawal of pre-cancellation dated 30.01.2024 and cancellation letter dated 24.02.2024 and stated that the letter dated 24.03.2024 is illegal.

14. The plea of the respondent is otherwise and stated that the demands were raised as per payment plan annexed with builder buyer's agreement dated 20.12.2021 and the complainants have made payment of Rs. 19,75,277/- (i.e., 37.83% of the total sale consideration). However, reminder letter was issued on 20.10.2023, 22.11.2023 & 03.01.2024 following a pre-cancellation 30.01.2024 but despite the follow ups the complainant failed to act further and comply with their contractual obligations and therefore the unit of the complainant was finally cancelled vide letter dated 24.02.2024.

15. Now the question before the Authority is whether the cancellation issued vide letter dated 24.02.2024 is valid or not?

16. On consideration of the documents available on record and the submissions made by both parties, the Authority is of the view that the builder-buyer agreement was executed between the complainant and the respondent on 20.12.2021. The sale consideration of the unit was Rs.52,21,425/-, out of which the complainant paid a total amount of Rs.19,75,277/- till 31.03.2022. Thereafter, on 20.10.2023, upon completion of super structure or 15 months from the date of clearance of booking cheque (whichever is later) a demand was raised. The same demand was again raised on 22.11.2023 & 03.01.2024 but nothing has been paid by the complainant, this did not yield any positive result, which ultimately led to the issuance of a pre-cancellation letter dated

30.01.2024, followed by a cancellation letter dated 24.02.22024. The Authority observes that Section 19(6) of the Act of 2016 casts an obligation on the allottee to make necessary payments in a timely manner. Hence, the cancellation of the retail unit, in accordance with the terms and conditions of the payment plan annexed to the buyer's agreement dated 20.12.2021, is held to be valid. However, while cancelling the unit, the respondent was under an obligation to return the paid-up amount after making such deductions as prescribed under the law.

17. The issue with regard to deduction of earnest money on cancellation of a contract arose in case of ***Maula Bux VS. Union of India, (1970) 1 SCR 928 and Sirdar K.B. Ram Chandra Raj Urs. VS. Sarah C. Urs., (2015) 4 SCC 136,*** and wherein it was held that *forfeiture of the amount in case of breach of contract must be reasonable and if forfeiture is in the nature of penalty, then provisions of section 74 of Contract Act, 1872 are attached and the party so forfeiting must prove actual damages. After cancellation of allotment, the flat remains with the builder as such there is hardly any actual damage.* National Consumer Disputes Redressal Commissions in ***CC/435/2019 Ramesh Malhotra VS. Emaar MGF Land Limited*** (decided on 29.06.2020) and ***Mr. Saurav Sanyal VS. M/s IREO Private Limited*** (decided on 12.04.2022) and followed in ***CC/2766/2017*** in case titled as ***Jayant Singhal and Anr. VS. M3M India Limited decided on 26.07.2022,*** *held that 10% of basic sale price is reasonable amount to be forfeited in the name of "earnest money".* Keeping in view the principles laid down in the first two cases, a regulation known as the Haryana Real Estate Regulatory Authority Gurugram (Forfeiture of earnest money by the builder) Regulations, 11(5) of 2018, was farmed providing as under:

> ***"5. AMOUNT OF EARNEST MONEY***

Scenario prior to the Real Estate (Regulations and Development) Act, 2016 was different. Frauds were carried out without any fear as there was no law for the same but now, in view of the above facts and taking into consideration the judgements of Hon'ble National Consumer Disputes Redressal Commission and the Hon'ble Supreme Court of India, the authority is of the view that the forfeiture amount of the earnest money ***shall not exceed more than 10% of the consideration amount of the real estate i.e. apartment /plot /building as the case may*** *be in all cases where the cancellation of the flat/unit/plot is made by the builder in a unilateral manner or the buyer intends to withdraw from the project and any agreement containing any clause contrary to the aforesaid regulations shall be void and not binding on the buyer."*

18. So, keeping in view of the law laid down by the Hon'ble Apex court and provisions of regulation 11 of 2018 framed by the Haryana Real Estate Regulatory Authority, Gurugram, and the respondent/builder can't retain more than 10% of sale consideration as earnest money on cancellation but that was not done. So, keeping in view the law laid down by the Hon'ble Apex court and provisions of Regulation 11 of 2018 framed by the Haryana Real Estate Regulatory Authority, Gurugram, and the respondent can't retain more than 10% of sale consideration as earnest money on cancellation. So, the respondent/builder is directed to refund the amount received from the complainant after deducting 10% of the basis sale consideration and return the remaining amount along with interest at the rate of 10.80% *(inadvertently mentioned as 10.85% in the proceeding dated 13.10.2026* (the State Bank of India highest marginal cost of lending rate (MCLR) applicable as on date +2%) as prescribed under Rule 15 of the Haryana Real Estate (Regulation and Development) Rules, 2017, from the date of termination/cancellation i.e., 24.02.2021 till the actual date of refund of the amount within the timelines provided in Rule 16 of the Haryana Rules 2017 ibid.

G. Directions of the Authority.

19. 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. Cancellation is valid. No case of delay possession charges is made out. The respondent is directed to refund the paid-up amount after deducting the earnest money which shall not exceed the 10% of the basic sale consideration along with interest at the prescribed rate, i.e., 10.80% per annum *(inadvertently mentioned as 10.85% in the proceeding dated 13.10.2026)* from the date of cancellation i.e., 24.02.2024 till the actual date of refund of the amount within the timelines provided in Rule 16 of the Rules, 2017, ibid. The amount already paid by the respondent to the complainants, if any may be adjusted from the refundable amount and shall return the balance amount to the complainants.

II. A period of 90 days is given to the respondent to comply with the directions given in this order and failing which legal consequences would follow.

20. Complaint stands disposed of.

21. File be consigned to the registry.

HARERA
GURUGRAM

Arun Kumar
(Chairman)
Haryana Real Estate Regulatory Authority, Gurugram
25.08.2026