

**PROCEEDINGS OF THE DAY**

Day and Date	Wednesday and 23.01.2019
Complaint No.	596/2018 Case Titled As M/S Canara Construction & Engg (P) Ltd V/S M/S Varali Properties Ltd.
Complainant	M/S Canara Construction & Engg (P) Ltd
Represented through	Shri Vaibhav Suri Advocate for the complainant.
Respondent	M/S Varali Properties Ltd.
Respondent Represented through	Shri Rahul Yadav Advocate for the respondent.
Last date of hearing	12.12.2018
Proceeding Recorded by	Naresh Kumari & S.L.Chanana

**Proceedings**

**Project is registered with the authority.**

Arguments heard.

As per clause 21 of the Builder Buyer Agreement dated 16.9.2013 for unit No.C022, 2nd floor, tower-C, in project "Indiabulls Enigma" Gurugram, possession was to be handed over to the complainant within a period of 36 months + 6 months grace period which comes out to be 16.3.2017. However, the respondent has not delivered the unit in time. Complainant has already paid Rs.2,43,48,871/- to the respondent against a total sale consideration of Rs.2,50,25,000/-. As such, complainant is entitled for delayed possession charges at prescribed rate of interest i.e. 10.75% per annum w.e.f 16.3.2017 as per the provisions of section 18 (1) of the Real

New PWD Rest House, Civil Lines, Gurugram, Haryana नया पी.डब्ल्यू.डी. विश्राम गृह, सिविल लाईंस, गुरुग्राम, हरियाणा

Estate (Regulation & Development) Act, 2016 till handing over possession failing which the complainant is entitled to seek refund of the amount.

The arrears of interest accrued so far shall be paid to the complainant within 90 days from the date of this order and thereafter monthly payment of interest till handing over the possession shall be paid before 10<sup>th</sup> of subsequent month.

Complaint stands disposed of. Detailed order will follow. File be consigned to the registry.

Samir Kumar  
(Member)  
23.1.2019

Subhash Chander Kush  
(Member)

**BEFORE THE HARYANA REAL ESTATE REGULATORY  
AUTHORITY, GURUGRAM**

**Complaint No. : 596 of 2018**  
**First date of hearing: 20.09.2018**  
**Date of Decision : 23.01.2019**

M/s. Carara Construction & Engg. (P) Ltd.  
Through Mr. Rahul Singhal  
Address: B-1/154, Janakpuri,  
New Delhi-110058.

**Complainant**

Versus

M/s. Varali Properties Ltd.  
(through its M.D.)  
Address: Plot no. 8, 2<sup>nd</sup> floor,  
Dwarkadeep Commercial Complex, Central  
Market, sector- 6,  
Dwarka, New Delhi- 110075.

**Respondent**

**CORAM:**

Shri Samir Kumar  
Shri Subhash Chander Kush

**Member**  
**Member**

**APPEARANCE:**

Shri Vaibhav Suri: Advocate for the complainant  
Shri Rahul Yadav: Advocate for the respondent

**ORDER**

1. A complaint dated 16.08.2018 was filed under section 31 of the Real Estate (Regulation & Development) Act, 2016 read with rule 28 of the Haryana Real Estate (Regulation and Development) Rules, 2017 by the complainant, M/s. Carara Constructions & Engg. (P) Ltd. through its director Mr. Rahul



Singhal, against the promoter, M/s. Varali Properties Ltd. through its managing director, on account of violation of the clause 21 of the flat buyer's agreement executed on 16.09.2013 in respect of flat/unit no. D-002, ground floor, block/tower D, admeasuring 3,400 sq. ft. super area, in the project 'Indiabulls enigma' for not handing over possession on the due date i.e. 16.03.2017 which is an obligation under section 11(4)(a) of the Act *ibid*.

2. Since the flat buyer's agreement for the subject flat/ unit was executed on 16.09.2013 i.e. prior to the commencement of the Real Estate (Regulation and Development) Act, 2016, so the penal proceedings cannot be initiated retrospectively, therefore, the authority has decided to treat this complaint as an application for non compliance of obligations on the part of the respondent under section 34(f) of the Act *ibid*.
3. The particulars of the complaint case are as under: -

1.	Name and location of the project	"Indiabulls Enigma", sector 110, Gurugram
2.	Nature of real estate project	Residential complex
3.	DTCP license no.	Not mentioned
4.	Apartment/unit no.	C022, on 2 <sup>nd</sup> floor, block/tower 'C'
5.	Apartment measuring	3,400 sq. ft. super area
6.	RERA registered/ unregistered.	<b>Registered vide no. 351 of 2017</b>
7.	Booking date	Not mentioned
8.	Date of execution of apartment	16.09.2013 ( <b>Annx 2</b> )



	buyer's agreement	
9.	Payment plan	Construction linked payment plan
10.	Total consideration	Rs.2,50,25,000/-
11.	Total amount paid by the complainant as per SOA	Rs.2,43,48,871/- ( <b>Annx 3</b> )
12.	Percentage of consideration amount	98% approx.
13.	Due date of delivery of possession as per <b>clause 21</b> of flat buyer's agreement dt.16.09.2013 (3 years + 6 months' grace period from the date of execution of agreement)	16.03.2017
14.	Delay in handing over possession till date	1 year and 10 months
15.	Penalty clause as per flat buyer's agreement dated 31.05.2012	<b>Clause 22</b> of the agreement i.e. Rs.5/- per sq. ft per month of the super area.
16.	Revised date of delivery of possession as per RERA certificate	<b>31.8.2018 (already expired but the respondent has applied for extension)</b>
17.	Status of the project	Construction till tower D has been completed.

4. The details provided above have been checked on the basis of record available in the case file which have been provided by the complainant and the respondent. A flat buyer's agreement dated 16.09.2013 is available on record for the aforesaid flat no. D 002, ground floor in tower D of the project, according to which the possession of the same was to be delivered by 16.03.2017. Neither the respondent has delivered the possession of the said unit till now to the purchaser nor they have paid any compensation @ Rs.5/- per sq. ft. per month of



the super area as per clause 22 of flat buyer's agreement dated 16.09.2013. Therefore, the promoter has not fulfilled its committed liability till date.

5. Taking cognizance of the complaint, the authority issued notice to the respondent for filing reply and appearance. The respondent's counsel appeared 20.09.2018. The case came up for hearing on 20.09.2018, 12.12.2018 and 23.01.2019. The reply filed by the respondent has been perused. The respondent has supplied the details and status of the project along with the reply.

#### **Facts of the complaint**

6. Briefly stated, the facts relevant for the disposal of the present complaint are that in August, 2013, based on the representation of the promoter, complainant booked a residential flat in the project of the respondent namely, "Indiabulls enigma" at sector-110, Gurugram. The representatives of Indiabulls Real Estate Ltd. represented to the complainant that Indiabulls is developing the above project through its 100% subsidiary Athena Infrastructure Ltd. It was also represented that all necessary sanctions and approvals had been obtained to complete same within the promised time frame.



7. The complainant submitted that pursuant to the aforesaid booking of the flat, respondent allotted apartment/flat no. 2 on ground floor, tower D of the project in favour of the complainant. A flat buyer's agreement dated 16.09.2013 for the subject flat was executed between the parties. As per clause 21 of the agreement, possession of the flat was to be delivered within 36 months plus 6 months grace period from the date of execution of agreement i.e. by 16.03.2017.
8. The complainant has paid a total sum of Rs. 2,43,48,871/- as against the total consideration of Rs. 2,50,25,000/- towards the aforesaid residential flat in the project from 2012 to 2015 as when demanded by the respondent.
9. The complainant alleged that the respondent had promised to complete the project within a period of 3 years from the date of execution of the flat buyer's agreement dated 16.09.2013 with a further grace period of 6 months. The flat buyer agreement was executed but till date construction is not complete. This has caused the complainant mental distress, pain and agony. 3.
10. The project Indiabulls Enigma comprises of towers A to J. Tower D is to be developed by another subsidiary of Indiabulls namely Varali Properties Ltd. the other towers i.e.



A to C and E to J are being developed by the respondent. It was presented to the complainant that towers A to D will have 17 floors but the respondent and Varali changed the original plan without taking the consent of the allottee and increased 4 floors in towers A to D, it changed the theme of the project and therefore, will create extra burden on the common amenities and facilities.

11. The complainants stated that they have made visits at the site and observed that there was serious quality issues with respect to the construction carried out by respondents till now. The flats were sold by representing that the same luxurious apartment however, all such representations seem to have been made in order to lure the complainant to purchase the flat at extremely high prices. The respondents have compromised with levels of quality and are guilty of mis-selling. The respondent has illegally charged car parking usage charges. The respondent also over charged EDC and IDC and has misrepresentation regarding the claim of VAT. They have also wrongfully charged PLC and Service tax. The respondents have breached the fundamental term of the contract by inordinately delaying in delivery of possession. Hence, the complainant was constrained to file the present complaint.





**12. Issues to be decided:**

- i. Whether the respondent made false representations about the project in question in order to induce the complainant to make a booking?**
- ii. Whether the respondent delayed in handing over the possession of the project?**
- iii. Whether the respondent is liable to pay the delay interest @18% p.a. till possession is handed over to the complainants?**
- iv. Whether the respondent has over charged EDC/ IDC?**
- v. Whether the respondent has wrongfully resorted to increase in floors thereby changing the entire theme of the project?**
- vi. Whether the respondent has artificially inflated measurable super area and has also wrongfully charged service tax and PLC?**



**13. Reliefs sought:**

**The complainant is seeking the following relief:**

- i. Direct the respondent to refund the entire amount alongwith interest as deposited by the complainant towards the sale consideration of the booked unit or**

- in alternative award delay interest @ 18% p.a. for every month of delay, till the handing over of possession.
- ii. Direct the respondent to provide the schedule of construction and also to rectify the breached with regard to extra EDC/IDC charges, wrongfully charging of parking, VAT, service tax, PLC as well as wrongly inflating the super area.
  - iii. Direct the respondent to pay a sum of Rs. 50,000/- to the complainant towards the cost of litigation.

**Respondent's reply:**

14. The respondent submitted the fact that the instant complaint is not maintainable, on facts of law, and is as such liable to be dismissed at the threshold being in wrong provisions of the law. The present complaint is devoid of any merits and had been preferred with sole motive to harass the respondent. In fact, the present complaint is liable to be dismissed on the ground that the complainant has chosen to file the instant complaint for adjudication of its grievances before the adjudicating officer under section 31 of the RERA Act, 2016. Thus, this hon'ble authority does have any jurisdiction to entertain the same and the complaint is liable to be dismissed.



15. The allegations made in the instant complaint are wrong, incorrect and baseless in the fact of law. The respondent denies them in toto. As per the flat buyer agreement duly executed between the parties, it was specially agreed that in the eventuality of any dispute, if any, with respect to the provisional unit booked by the complainants, the same shall be adjudicated through arbitration mechanism as detailed in the agreement, it has been mentioned that the dispute shall first go for arbitration.
16. The respondent contended that the complainants are falsifying their claim from the very fact that there has been alleged delay in delivery of possession of the booked unit however, the complainants with mala fide intention hid the fact from this hon'ble authority that they on many occasions were the defaulters in making the payment of installments. The complainant after being satisfied in totality expressed their willingness to book a unit in the project looking into the financial viability of the project and its future monetary benefits got the said unit transferred in their joint name from the initial owner. The respondents have already completed the construction of the tower D and have also applied for the grant of occupational certificate before the concerned authority. The delay in delivering the possession was beyond



the control of the respondent since number of approvals have to be taken from various authorities. In addition the problem related to labour/raw material and government restrictions including the National Green Tribunal which imposed ban on the construction in Delhi- NCR for several months, the respondent kept on the work moving steadily. The complainant has made false and baseless allegations with a mischievous intention.

**Determination of issues:**

17. After considering the facts submitted by the complainant, reply by the respondent and perusal of record on file, the issues wise findings of the authority are as under:
- i. With respect to the **issue i** raised by the complainant the complaint has failed to adduce any evidence in support of their allegation that respondent has induce the complainant to make the booking.
  - ii. With respect to the **issue ii and iii** raised by the complainant the authority came across that as per clause 21 of flat buyer's agreement, the possession of the flat was to be handed over within 3 years plus 6 months' grace period from the date of execution of agreement which is 16.09.2013. Accordingly, the due



date of possession was 16.03.2017 and the possession has been delayed by 1 year and 10 months till the date of decision. The delay compensation payable by the respondent @ Rs.5/- per sq. ft. per month of the carpet area of the said flat as per clause 22 of flat buyer's agreement is held to be very nominal and unjust. The terms of the agreement have been drafted mischievously by the respondent and are completely one sided as also held in para **181 of Neelkamal Realtors Suburban Pvt. Ltd. Vs. UOI and ors.** (W.P 2737 of 2017), wherein the Bombay HC bench held that:

*"...Agreements entered into with individual purchasers were invariably one sided, standard-format agreements prepared by the builders/developers and which were overwhelmingly in their favour with unjust clauses on delayed delivery, time for conveyance to the society, obligations to obtain occupation/completion certificate etc. Individual purchasers had no scope or power to negotiate and had to accept these one-sided agreements."*

As the possession of the flat was to be delivered by 16.3.2017 as per the clause referred above, the authority is of the view that the promoter has failed to fulfil his obligation under section 11(4)(a) of the Haryana Real Estate (Regulation and Development) Act, 2016. Hence, the respondent is liable to pay interest to the complainant, at the



prescribed rate for every month of delay till the handing over of possession.

The complainant reserves his right to seek compensation from the promoter for which he shall make separate application to the adjudicating officer, if required.

18. With respect to **issue iv, v and vi** raised by the complainant, the complainant has provided no proof but made only assertion with respect to wrongful increase in the EDC, IDC etc., hence these issues are answered in negative.

#### **Findings of the authority**

19. The preliminary objections raised by the respondent regarding jurisdiction of the authority stands rejected. The authority has complete jurisdiction to decide the complaint in regard to non-compliance of obligations by the promoter as held in *SimmiSikka V/s M/s EMAAR MGF Land Ltd.* leaving aside compensation which is to be decided by the Adjudicating Officer if pursued by the complainant at a later stage.

20. 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.

21. The authority is of the considered opinion that it has been held in a catena of judgments of the Hon'ble Supreme Court, particularly in *National Seeds Corporation Limited v. M. Madhusudhan Reddy & Anr. (2012) 2 SCC 506*, wherein it has been held that the remedies provided under the Consumer Protection Act are in addition to and not in derogation of the other laws in force, consequently the authority would not be bound to refer parties to arbitration even if the agreement between the parties had an arbitration clause.
22. Further, in *Aftab Singh and ors. v. Emaar MGF Land Ltd and ors., Consumer case no. 701 of 2015*, it was held that the arbitration clause in agreements between the complainants and builders could not circumscribe jurisdiction of a consumer. This view has been upheld by the Supreme Court - in **civil appeal no.23512-23513 of 2017** and as provided in Article 141 of the Constitution of India, the law declared by the Supreme Court shall be binding on all courts within the



territory of India and accordingly, the authority is bound by the aforesaid view.

23. Keeping in view the present status of the project and intervening circumstances, the authority is of the considered opinion that the respondent has failed to deliver the possession of the subject apartment number to the complainant by the committed date and the possession has been delayed more than 3 years. Thus, the complainant is entitled to interest at prescribed rate for every month of delay till the handing over of the possession Further, the respondent has submitted during the oral arguments that the construction of the project and they have already applied for the grant of occupation certificate dated 30.08.2018.

**Decision and directions of the authority: -**

24. After taking into consideration all the material facts as adduced and produced by both the parties, the authority exercising powers vested in it under section 37 of the Real Estate (Regulation and Development) Act, 2016 hereby issues the following directions to the respondent in the interest of justice and fair play:

- (i) The respondent is duty bound to hand over the possession of the said unit as soon as he receives





the grant of occupation certificate as committed by the respondent.

(ii) The respondent is duty bound to pay the interest at the prescribed rate i.e. 10.75% for every month of delay from the due date of possession i.e. 16.03.2017 till the actual date of offer of the possession.

(iii) The arrears of interest accrued so far shall be paid to the complainant within a period of 90 days from the date of this order and thereafter monthly payment of interest till handing over of possession shall be paid before 10<sup>th</sup> of subsequent month.

25. The order is pronounced.

26. Case file be consigned to the registry.

**(Samir Kumar)**

Member

**(SubhashChander Kush)**

Member

Haryana Real Estate Regulatory Authority, Gurugram

Dated:- .....

Judgement Uploaded on 08.02.2019

