

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

Complaint No. : 1907 of 2018
First date of Hearing : 20.02.2019
Date of Decision : 30.07.2021

1. Sh. Pankaj Kalra
2. Smt. Savitri Kalra
R/o R-501, Sispal Vihar, Sector-49,
Gurugram, Haryana- 122018

Complainants

Versus

M/s Ramprastha Promoters & Developers
Private Limited
Regd. office: - Plot No.114,
Sector-44, Gurugram-122002

Respondent

CORAM:

Shri Samir Kumar
Shri Vijay Kumar Goyal

Member
Member

APPEARANCE:

Shri Nilotpal Shyam
Shri Dheeraj Kapoor

Advocate for the complainants
Advocate for the respondent

ORDER

1. The present complaint dated 26.11.2018 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.

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.No.	Heads	Information
1.	Project name and location	"Skyz", Ramprastha, Sector 37 D, Gurugram
2.	Project area	60.5112 acres
3.	Nature of the project	Group Housing Complex
4.	DTCP license no. and validity status	33 of 2008 dated 19.02.2008 valid till 18.02.2025
5.	Name of licensee	Ramprastha builders Private Limited and others.
6.	RERA Registered/ not registered	Registered vide no. 320 of 2017 dated 17.10.2017
7.	RERA registration valid up to	31.03.2019
8.	Extension RERA registration	EXT/122/2019 dated 12.06.2019
9.	Extension RERA registration valid upto	31.03.2020
10.	Unit no.	G-04, ground floor, Tower- B



		[page no. 33 of complaint]
11.	Unit measuring	1725 sq. ft [Super area]
12.	Date of execution of apartment buyer's agreement	22.12.2011 [page no. 29 of complaint]
13.	Payment plan	Construction linked payment plan [page no. 60 of complaint]
14.	Total consideration	Rs.70,14,525/- [as per schedule of payment page 60 of complaint]
15.	Total amount paid by the complainants	Rs.61,40,242/- [as per payment schedule and receipt information dated 19.12.2018 annexure R/2 page 45 of reply and alleged by complainant]
16.	Due date of delivery of possession as per clause 15(a) of the apartment buyer agreement: 31.08.2012 plus 120 days grace period for applying and obtaining occupation certificate in group housing colony. [Page 43 of complaint]	31.08.2014 [Note: - Grace period is not allowed]
17.	Delay in handing over possession till date of this order i.e. 30.07.2021	6 years 10 months and 30 days

B. Facts of the complaint

3. The complainants have submitted that they have approached promoter, through their agents, for allotment of flat in question in the project "Skyz" and the promoter vide receipt



dated 13-05-2011 accepted booking of flat in the project "SKYZ" in Tower No - B, flat No 004 on ground floor having size of 1725 sq. ft. situated at sector 37D, Gurgaon, Ramprastha City for a total consideration of Rs.70,14,525/- including service tax on-payment plan annexed with apartment buyer agreement. The complainants, therefore, deposited a sum of Rs.5,66,214/- on 11.05.2011 towards booking amount duly accepted by the promoter.

4. That subsequent to deposit of booking initial amount, the allotment letter dated 13.05.2011 was issued in favour of the complainants and further entered into an apartment buyer agreement dated 22.12.2011.
5. That in the said apartment buyer agreement, payment schedule was annexed for payment of entire consideration of Rs 70,14,525/- including basic sale price, external development charges, infrastructure development charges, preferential location charges, interest free maintenance security, service tax, landscape, electric sub-station charges, firefighting charges, power backup charges, car parking space at basement area. The payment plan is integral part of apartment buyer agreement dated 22.12.2011.
6. The complainants submitted that they also took loan of Rs 400000/- from LIC HFL (LIC Housing Finance Limited) and



amount of Rs.31,09,909/- was disbursed by LIC HFL against the property in favour of promoter. They have paid the interest at the rate of 11.90% per annum. The loan was subsequently transferred to HDFC Ltd at 10.5% interest. Thereafter, they have paid Rs.6140242/- including the loan amount as per the details below and the promoter received 87.5% of the total consideration.

7. That the promoter vide demand letter dated 21.10.2016 raised demand of Rs.70402/- towards VAT on the sale of flat under Amnesty Scheme by Haryana Government.
8. That as the complainants were need of residential flat to meet the requirement of growing family needs, they anxiously waited for possession to be delivered as per the schedule and visited the site many times. It is noteworthy that initially at the time of purchase of flat, and also subsequently, the site work, civil construction work was going on in fast pace by the promoters which was slowed down drastically in 2014 leaving work unfurnished till today. They have apprehended that fast construction activities (only civil work) were deliberately carried out by the promoter, perhaps to deceive and defraud various allottees/investors, to collect instalments based on providing slabs (floors).



9. That as per the apartment buyer agreement dated 22.12.2011, the promoter was to complete construction and handover possession till 31.08.2014 with grace period of maximum of 120 days. The promoter committed default in giving possession by 31.08.2014 in terms of clause 15 (a) of the agreement.
10. The complainants have submitted that they were waiting to receive information for handing over possession by the promoter as the flat was required for immediate family need. They were shocked to know that vide mail dated 12.01.2016, the promoter informed that possession will be given in July 2017.
11. The complainants submitted that being aggrieved by the fraudulent and dishonest act by the promoter, the complainants also approached commissioner of police/DCP East, Gurugram for registering a FIR U/s 406 & 420 of IPC vide dated 26.12.2016.
12. The complainants further submitted that aggrieved by the fact that there was neither proper response nor construction activities at site, further constrained to file complaint vide dated 06-02-2017 to The Senior Town Planner, Office of STP Gurgaon, Sector 14, Gurgaon seeking investigations in the affairs of promoter for the reasons stated in the said complaint.

13. That a meeting was called and held on 20-02-2017 under chairmanship of STP Gurgaon in the presence of various flat owners and the promoter duly represented by their authorized representative (Mr Amit Yadav, Director, Sh. Sudhir Garg) who admitted default on their part and requested to rectify but refused for refund. It was also agreed that higher compensation will be given for the delay. The expected time to handover possession was contemplated for one more year but since already passed. There is complete breach of commitments and only false promises and assurances given all the time even before the statutory authorities. That the promoter also confirmed in the meeting held on 20-02-2017 under chairmanship of STP Gurgaon that work will be finished in one year which has also expired and proved to be false and wrong and misrepresentation.

14. That they have similar other allottees/buyers in other towers of the "Skyz" were shocked to know after collecting payments of 87.5% (approx.) of the total consideration, the promoter slowed down activities at the site and virtually there was no work going on for quite some time. It is highly unlikely that work will complete soon in near future. The complainants were shocked to receive mail dated 08.02.2017 from the promoter wherein the promoter, arbitrarily and without

assigning reasons, revised dates for handing over possession date to January 2018 from earlier date of 31.08.2014. The complainants were shocked that instead of handing over possession by 31.08.2014, the date was shifted by delay of around four year that too without assigning any reasons.

15. That as the complainants and like others flat owners, allottees used to take regular visits to the project site on all the occasions and found that no serious activities were going on, contrary to the claim by the promoter. Thus, they were sent emails dated 02.08.2016, 27.09.2016, 28.02.2017, 14.12.2017 and 15.05.2018, asking promoter to inform about confirmed status of delivery of possession since project has already got delayed however received no reply.

C. Relief sought by the complainants:

16. The complainants have sought following relief(s):
- i. to direct the respondent to deliver the possession of the flat immediately.
 - ii. to direct the respondent to pay delayed possession interest at the prescribed rate of interest per annum for the delayed period in handing over the possession.
17. On the date of hearing, the authority explained to the respondent/promoter about the contravention 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

18. The respondent has filed an application for rejection of complaint on the ground of jurisdiction along with reply. The respondent has contested the complaint on the following grounds:

- I. That the original complaint pertains to the alleged delay in delivery of possession for which the complainant had filed the original complaint, before the Haryana Real Estate Regulatory Authority, Gurugram, Haryana, under rule 28 in Form 'CRA' of the Haryana Real Estate (Regulation & Development) Rules, 2017 and was seeking the relief of refund, interest, and compensation u/s 18 of the Real Estate (Regulation & Development) Act, 2016.
- II. Therefore, even though the project of the respondent i.e. "SKYZ" Ramprastha City, Sector-37D, Gurgaon is covered under the definition of "ongoing projects" and registered with the authority, the complaint, if any, was still required to be filed before the adjudicating officer under rule 29 of the said rules and not before the authority under rule 28, as the authority had no jurisdiction whatsoever to

entertain such complaint and such complaint was liable to be rejected.

- III. That after the filing of the original complaint before the authority, a notice was also issued by the authority to the respondent and it have already filed its reply before the authority, along with an application for rejection of the complaint on the ground of jurisdiction. The contents of the said reply and application may kindly be read as a part and parcel of the present reply as well, though the same are not being repeated herein for the sake of brevity.
- IV. That even though the original complaint was pending before the authority, but in view of the judgment dated 02.05.2019 passed by the Hon'ble Haryana Real Estate Appellate Tribunal, Chandigarh in appeal no. 6 of 2018 titled as "Sameer Mahawar vs MG Housing Pvt Ltd. and others", the original complaint was transferred by the authority before the adjudicating officer. Thereafter, the adjudicating officer directed the complainant to amend the original complaint in order to bring it within the parameter of "Form CAO" as provided in rule 29 of the said rules after which the complainant filed an amended complaint and the respondent also filed the amended reply. The contents of the said reply may kindly be read



as a part and parcel of the present reply as well, though the same are not being repeated herein for the sake of brevity.

- V. Thereafter, in terms of the Haryana Real Estate (Regulation & Development) Amendment Rules, 2019, the present matter was transferred/recalled by the authority from the adjudicating officer and was listed on 05.11.2019, wherein the authority, in terms of the said amended rules, directed the complainant to file the complaint under the amended rule 28 in the amended 'Form CRA'.
- VI. That, in view of the stay of the said amendment rules, by the Hon'ble High Court of Punjab and Haryana at Chandigarh, the complaint was once again transferred by the authority before the adjudicating officer.
- VII. Thereafter, the complainants moved an application for amendment of relief i.e. from refund to possession, and the complaint was transferred by the adjudicating officer to the authority and vide Order dated 24.03.2021, the authority allowed the said application and directed the complainants to file the amended complaint with the relief of possession and the respondent was also directed to file an amended reply. The complainants have now

filed the amended complaint in the amended 'Form CRA' and therefore the respondent is filing the present reply.

- VIII. That at the very outset, it is most respectfully submitted that the complaint filed by the complainant is not maintainable and this authority has no jurisdiction whatsoever to entertain the present complaint. The respondent has also separately filed an application for rejection of the complaint on the ground of jurisdiction and this reply is without prejudice to the rights and contentions of the respondent contained in the said application.
- IX. That the complaint pertaining to refund, possession, compensation, and interest for a grievance under section 12, 14, 18 and 19 of the said Act are required to be filed before the adjudicating officer under rule 29 of the said rules read with section 31 and section 71 of the said Act and not before this authority under rule 28 and rule 29.
- X. In the present case, the complaint pertains to the alleged delay in delivery of possession for which the complainants have filed the present complaint and is seeking the relief of possession, interest, and compensation u/s 18 of the said Act. Therefore, even though the project of the respondent i.e., "SKYZ"

Ramprastha City, Sector-37D, Gurgaon is covered under the definition of "ongoing projects" and registered with this authority, the complaint, if any, is still required to be filed before the adjudicating officer under rule 29 of the said rules and not before this authority under rule 28 as this authority has no jurisdiction whatsoever to entertain such complaint and such complaint is liable to be rejected.

- XI. That without prejudice to the above, the above stated position is further substantiated by the proviso to section 71 which clearly states that even in a case where a complaint is withdrawn from a Consumer Forum/ Commission/NCDRC for the purpose of filing an application under the said Act and said rules, the application, if any, can only be filed before the adjudicating officer and not before the authority.
- XII. That without prejudice to the above, it is also most respectfully stated that the transfer/recall of the present complaint by the authority from the adjudicating officer has been erroneously made as there is no such provision of law either under the said Act or under the said rules by virtue of which the regulatory authority can transfer the complaints pending before the adjudicating officer to the authority and vice versa and hence the transfer of the

present complaint is without any legal sanctity and is therefore bad in law.

XIII. That without prejudice to the above, it is also submitted that the complaint is not supported by any proper affidavit with a proper verification. In the absence of a proper verified and attested affidavit supporting the complaint, the complaint is liable to be rejected. That they have filed a false affidavit that no similar complaint is pending before any authority when admittedly they have already filed a criminal complaint dated 26.12.2016 for registration of FIR before the DGP Gurugram East, Haryana and also a complaint dated 06.02.2017 before the Senior Town Planner, District town Planner Office Sector- 14, Haryana and the present complaint should be rejected on this ground alone.

XIV. That without prejudice to the above, it is also submitted that even the amended complaint in Form CAO was not signed by both the complainants and was only signed by the complainant no.1 and at the same time the amended complaint was not supported by any affidavit, whatsoever. In the absence of signatures of both the complainants and also any affidavit supporting the complaint, the complaint was liable to be rejected.

XV. That statement of objects and reasons as well as the preamble of the said Act clearly state that the RERA is enacted for effective consumer protection and to protect the interest of consumers in the real estate sector. RERA is not enacted to protect the interest of investors. As the said Act has not defined the term consumer, therefore the definition of "Consumer" as provided under the Consumer Protection Act, 1986 has to be referred for adjudication of the present complaint. The complainants are investors and not consumers and nowhere in the present complaint has the complainants pleaded as to how the complainant is a consumer as defined in the Consumer Protection Act, 1986 qua the respondent. The complainant has deliberately not pleaded the purpose for which they have entered into an agreement with the respondent to purchase the apartment in question. The complainants, who are already the owners and residents of J-36, Jal Vayu Vihar, sector- 25, Noida (address mentioned in the booking application Form and the apartment buyer agreement) and R-501, Sispal Vihar, Sector-49, Gurugram (address mentioned in the present complaint) are investors, who never had any intention to buy the apartment for their own personal use and kept on

avoiding the performance of their contractual obligations of making timely payments and have now filed the present complaint on false and frivolous grounds.

XVI. That the authority has no jurisdiction to entertain the present complaint as the complainant has not come to the authority with clean hands and has concealed the material fact that the complainants are defaulter, having deliberately failed to make the payment of installments within the time prescribed, which resulted in delay payment charges/interest, as reflected in the statement of account.

XVII. Despite several adversities, the respondent has continued with the construction of the project and is in the process of completing the construction of the project and should be able to apply the occupation certificate for the apartment in question by 30.06.2022 (as mentioned at the time of application for extension of registration of the project with RERA) or within such extended time, as may be extended by the authority, as the case may be. However, as the complainant was only a speculative investor and not interested in taking over the possession of the said apartment and because of slump in the real estate market, they failed to make the payments in time.

It is apparent that the complainants are mere short term and speculative investor who had the motive and intention to make quick profit from sale of the said apartment through the process of allotment. Having failed to resell the said apartment due to general recession, the complainant could not make the payments in time and have now developed an intention to raise false and frivolous issues to engage the respondent in unnecessary, protracted and frivolous litigation. The alleged grievance of they have origin and motive in sluggish real estate market.

XVIII. That this authority is deprived of the jurisdiction to go into the interpretation of, or rights of the parties inter-se in accordance with the apartment buyer's agreement signed by the complainants/allotment offered to him. It is a matter of record and rather a conceded position that no such agreement, as referred to under the provisions of said Act or said rules, has been executed between the complainants and the respondent. Rather, the agreement that has been referred to, for the purpose of getting the adjudication of the complaint, is the apartment buyer agreement dated 22.12.2011, executed much prior to coming into force of said Act or said rules. The

adjudication of the complaint for interest and compensation, as provided under sections 12, 14, 18 and 19 of said Act, has to be in reference to the agreement for sale executed in terms of said Act and said rules and no other agreement. This submission of the respondents *inter alia*, finds support from reading of the provisions of the said Act and the said Rules. Thus, in view of the submissions made above, no relief can be granted to the complainant.

- XIX. The respondent submitted that the proposed estimated time of handing over the possession of the said apartment i.e., 31.08.2014 + 120 days, which comes to 31.12.2014, is applicable only subject to force majeure and the complainants having complied with all the terms and conditions and not being in default of any terms and conditions of the apartment buyer agreement, including but not limited to the payment of instalments. In case of any default/delay in payment, the date of handing over of possession shall be extended accordingly solely at the respondent discretion, till the payment of all outstanding amounts and at the same time in case of any default, the complainants will not be entitled to any compensation

whatsoever in terms of clause 15 of the apartment buyer agreement.

XX. That section 19(3) of the Act provides that the allottee shall be entitled to claim the possession of the apartment, plot, or building, as the case may be, as per the declaration given by the promoter under section 4(2)(I)(C). The entitlement to claim the possession or refund would only arise once the possession has not been handed over as per the declaration given by the promoter under section 4(2)(I)(C). In the present case, the respondent had made a declaration in terms of section 4(2)(I)(C) that it would complete the project by 30.06.2022 (as mentioned at the time of application for extension of registration of project with RERA) or which such extended time, as may be extended by the authority. Thus, no cause of action can be said to have arisen to the complainants in any event to claim possession or refund, along with interest and compensation, as sought to be claimed by it.

XXI. The projects in respect of which the respondent has obtained the occupation certificate are described as hereunder: -

S. No	Project Name	No. of Apartments	Status

1.	Atrium	336	OC received
2.	View	280	OC received
3.	Edge Tower I, J, K, L, M Tower H, N Tower-O (Nomenclature-P) (Tower A, B, C, D, E, F, G)	400 160 80 640	OC received OC received OC received OC to be applied
4.	EWS	534	OC received
5.	Skyz	684	OC to be applied
6.	Rise	322	OC to be applied

19. 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 submission made by the parties.

E. Jurisdiction of the authority

20. The application of the respondent regarding rejection of complaint on ground of jurisdiction stands rejected. 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

21. 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

22. The respondent has contended that the relief regarding refund and compensation are within the jurisdiction of the adjudicating officer and jurisdiction w.r.t the same does not lie with the authority. It seems that the reply given by the respondent is without going through the facts of the complaint as the same is totally out of context. The complainants have nowhere sought the relief of refund and regarding compensation part the complainants have stated that they are reserving the right for compensation and at present seeking only delayed possession charges. The authority has complete jurisdiction to decide the complaint regarding non-compliance of obligations by the promoter as held in *Simmi Sikka v/s M/s EMAAR MGF Land Ltd. (complaint no. 7 of 2018)* leaving aside compensation which is to be decided by the adjudicating

officer if pursued by the complainants at a later stage. The said decision of the authority has been upheld by the Haryana Real Estate Appellate Tribunal in its judgement dated 03.11.2020, in appeal nos. 52 & 64 of 2018 titled as ***Emaar MGF Land Ltd. V. Simmi Sikka and anr.***

F. Findings on the objections raised by the respondent

F.I Objection regarding handing over possession as per declaration given under section 4(2)(1)(C) of RERA Act

23. The counsel for the respondent has stated that the entitlement to claim possession or refund would arise once the possession has not been handed over as per declaration given by the promoter under section 4(2)(1)(C). Therefore, the next question of determination is whether the respondent is entitled to avail the time given to it by the authority at the time of registering the project under section 3 & 4 of the Act.
24. It is now settled law that the provisions of the Act and the rules are also applicable to ongoing projects and the term ongoing project has been defined in rule 2(1)(o) of the rules. The new as well as the ongoing project are required to be registered under section 3 and section 4 of the Act.
25. Section 4(2)(1)(C) of the Act requires that while applying for registration of the real estate project, the promoter has to file



a declaration under section 4(2)(1)(C) of the Act and the same is reproduced as under: -

Section 4: -Application for registration of real estate projects

(2) The promoter shall enclose the following documents along with the application referred to in sub-section (1), namely:

—.....

(1): -a declaration, supported by an affidavit, which shall be signed by the promoter or any person authorised by the promoter, stating: —

(C) the time period within which he undertakes to complete the project or phase thereof, as the case may be...."

26. The time period for handing over the possession is committed by the builder as per the relevant clause of apartment buyer agreement and the commitment of the promoter regarding handing over of possession of the unit is taken accordingly. The new timeline indicated in respect of ongoing project by the promoter while making an application for registration of the project does not change the commitment of the promoter to hand over the possession by the due date as per the apartment buyer agreement. The new timeline as indicated by the promoter in the declaration under section 4(2)(1)(C) is now the new timeline as indicated by him for the completion of the project. Although, penal proceedings shall not be initiated against the builder for not meeting the committed due date of possession but now, if the promoter fails to complete the



project in declared timeline, then he is liable for penal proceedings. The due date of possession as per the agreement remains unchanged and promoter is liable for the consequences and obligations arising out of failure in handing over possession by the due date as committed by him in the apartment buyer agreement and he is liable for the delayed possession charges as provided in proviso to section 18(1) of the Act. The same issue has been dealt by hon'ble Bombay High Court in case titled as **Neelkamal Realtors Suburban Pvt. Ltd. and anr. vs Union of India and ors.** and has observed 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..."

F.II Objection regarding entitlement of DPC on ground of complainants being investor

27. The respondent has taken a stand that the complainants are the investors and not consumers, therefore, they are not entitled to the protection of the Act and thereby not entitled to file the complaint under section 31 of the Act. The respondent also submitted that the preamble of the Act states that the Act is enacted to protect the interest of consumers of the real



estate sector. The authority observed that the respondent is correct in stating that the Act is enacted to protect the interest of consumers of the real estate sector. It is settled principle of interpretation that preamble is an introduction of a statute and states main aims & objects of enacting a statute but at the same time preamble cannot be used to defeat the enacting provisions of the Act. Furthermore, it is pertinent to note that any aggrieved person can file a complaint against the promoter if the promoter contravenes or violates any provisions of the Act or rules or regulations made thereunder. Upon careful perusal of all the terms and conditions of the apartment buyer's agreement, it is revealed that the complainants are buyers and they have paid total price of Rs.61,40,242/- to the promoter towards purchase of an apartment in the project of the promoter. At this stage, it is important to stress upon the definition of term allottee under the Act, the same is reproduced below for ready reference:

"2(d) "allottee" in relation to a real estate project means the person to whom a plot, apartment or building, as the case may be, has been allotted, sold (whether as freehold or leasehold) or otherwise transferred by the promoter, and includes the person who subsequently acquires the said allotment through sale, transfer or otherwise but does not include a person to whom such plot, apartment or building, as the case may be, is given on rent;"

28. In view of above-mentioned definition of an "allottee" as well as all the terms and conditions of the apartment buyer's



agreement executed between promoter and complainants, it is crystal clear that the complainants are allottee(s) as the subject unit was allotted to them by the promoter. The concept of investor is not defined or referred in the Act. As per the definition given under section 2 of the Act, there will be "promoter" and "allottee" and there cannot be a party having a status of "investor". The Maharashtra Real-Estate Appellate Tribunal in its order dated 29.01.2019 in appeal no. 0006000000010557 titled as *M/s Srushti Sangam Developers Pvt. Ltd. Vs. Sarvapriya Leasing (P) Lts. And anr.* has also held that the concept of investor is not defined or referred in the Act. Thus, the contention of promoter that the allottees being investors are not entitled to protection of this Act also stands rejected.

F.III Objection regarding jurisdiction of authority w.r.t. buyer's agreement executed prior to coming into force of the Act

29. Another contention of the respondent is that authority is deprived of the jurisdiction to go into the interpretation of, 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)** 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."

30. Also, 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 has observed-

"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."

31. 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.

G. Findings on the relief sought by the complainants

Relief sought by the complainants: To direct the respondent to pay delayed possession interest at the prescribed rate of interest per annum for the delayed period in handing over the possession.

32. In the present complaint, the complainants intend to continue with the project and are seeking delay possession charges as provided under the proviso to section 18(1) of the Act. Sec. 18(1) proviso reads as under.

"Section 18: - Return of amount and compensation

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

.....
Provided that where an allottee does not intend to withdraw from the project, he shall be paid, by the promoter, interest for every month of delay, till the handing over of the possession, at such rate as may be prescribed."

33. Clause 15(a) of the apartment buyer's agreement (in short, agreement) provides for handing over of possession and is reproduced below:

"15. POSSESSION

(a) Time of handing over the possession

Subject to terms of this clause and subject to the Allottee having complied with all the terms and condition of this Agreement and the Application, and not being in default



under any of the provisions of this Agreement and compliance with all provisions, formalities, documentation etc., as prescribed by RAMPRASTHA. RAMPRASTHA proposed to hand over the possession of the Apartment by 31.08.2014 the Allottee agrees and understands that RAMPRASTHA shall be entitled to a grace period of hundred and twenty days (120) days, for applying and obtaining the occupation certificate in respect of the Group Housing Complex."

34. The authority has gone through the possession clause of the agreement and observes that this is a matter very rare in nature where builder has specifically mentioned the date of handing over possession rather than specifying period from some specific happening of an event such as signing of apartment buyer agreement, commencement of construction, approval of building plan etc. This is a welcome step, and the authority appreciates such firm commitment by the promoter regarding handing over of possession but subject to observations of the authority given below.

35. At the outset, it is relevant to comment on the preset possession clause of the agreement wherein the possession has been subjected to all kinds of terms and conditions of this agreement and application, and the complainants not being in default under any provisions of these agreements and compliance with all provisions, formalities and documentation as prescribed by the promoter. The drafting of this clause and incorporation of such conditions are not only vague and



uncertain but so heavily loaded in favour of the promoter and against the allottee that even a single default by the allottee in fulfilling formalities and documentations etc. as prescribed by the promoter may make the possession clause irrelevant for the purpose of allottee and the commitment date for handing over possession loses its meaning. The incorporation of such clause in the buyer's agreement by the promoter is just to evade the liability towards timely delivery of subject unit and to deprive the allottee of his right accruing after delay in possession. This is just to comment as to how the builder has misused his dominant position and drafted such mischievous clause in the agreement and the allottee is left with no option but to sign on the dotted lines.

36. **Admissibility of grace period:** The promoter has proposed to hand over the possession of the apartment by 31.08.2014 and further provided in agreement that promoter shall be entitled to a grace period of 120 days for applying and obtaining occupation certificate in respect of group housing complex. As a matter of fact, the promoter has not applied for occupation certificate within the time limit prescribed by the promoter in the apartment buyer's agreement. As per the settled law one cannot be allowed to take advantage of his own wrong. Accordingly, this grace period of 120 days cannot be



allowed to the promoter at this stage. The same view has been upheld by the hon'ble Haryana Real Estate Appellate Tribunal in appeal nos. 52 & 64 of 2018 case titled as ***Emaar MGF Land Ltd. VS Simmi Sikka*** case and observed as under: -

68. As per the above provisions in the Buyer's Agreement, the possession of Retail Spaces was proposed to be handed over to the allottees within 30 months of the execution of the agreement. Clause 16(a)(ii) of the agreement further provides that there was a grace period of 120 days over and above the aforesaid period for applying and obtaining the necessary approvals in regard to the commercial projects. The Buyer's Agreement has been executed on 09.05.2014. The period of 30 months expired on 09.11.2016. But there is no material on record that during this period, the promoter had applied to any authority for obtaining the necessary approvals with respect to this project. The promoter had moved the application for issuance of occupancy certificate only on 22.05.2017 when the period of 30 months had already expired. So, the promoter cannot claim the benefit of grace period of 120 days. Consequently, the learned Authority has rightly determined the due date of possession.

37. Payment of delay possession charges at prescribed rate of interest: Proviso to section 18 provides that where an allottee does not intend to withdraw from the project, he shall be paid, by the promoter, interest for every month of delay, till the handing over of 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.

38. 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. The Haryana Real Estate Appellate Tribunal in **Emaar MGF Land Ltd. vs. Simmi Sikka (Supra)** observed as under: -

"64. Taking the case from another angle, the allottee was only entitled to the delayed possession charges/interest only at the rate of Rs.15/- per sq. ft. per month as per clause 18 of the Buyer's Agreement for the period of such delay; whereas, the promoter was entitled to interest @ 24% per annum compounded at the time of every succeeding instalment for the delayed payments. The functions of the Authority/Tribunal are to safeguard the interest of the aggrieved person, may be the allottee or the promoter. The rights of the parties are to be balanced and must be equitable. The promoter cannot be allowed to take undue advantage of his dominate position and to exploit the needs of the home buyers. This Tribunal is duty bound to take into consideration the legislative intent i.e., to protect the interest of the consumers/allottees in the real estate sector. The clauses of the Buyer's Agreement entered into between the parties are one-sided, unfair and unreasonable with respect to the grant of interest for delayed possession. There are various other clauses in the Buyer's Agreement which give sweeping powers to the promoter to cancel the allotment and forfeit the amount paid. Thus, the terms and conditions of the Buyer's Agreement dated 09.05.2014 are ex-facie one-sided, unfair and unreasonable, and the same shall constitute the unfair trade practice on the part of the promoter. These types

of discriminatory terms and conditions of the Buyer's Agreement will not be final and binding."

39. 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., 30.07.2021 is 7.30%. Accordingly, the prescribed rate of interest will be marginal cost of lending rate +2% i.e., 9.30%.

40. 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;"

41. Therefore, interest on the delay payments from the complainants shall be charged at the prescribed rate i.e., 9.30% by the respondent/promoter which is the same as is being granted to it in case of delayed possession charges.



42. 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 respondents are in contravention of the provisions of the Act. By virtue of clause 15(a) of the agreement executed between the parties on 22.12.2011, possession of the subject apartment was to be delivered within stipulated time i.e. by 31.08.2014. As far as grace period is concerned, the same is disallowed for the reasons quoted above. Therefore, the due date of handing over possession is 31.08.2014. The respondent has failed to handover possession of the subject apartment till 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. 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 allottees shall be paid, by the promoter, interest for every month of delay from due date of possession i.e., 31.08.2014 till the handing over of the possession, at prescribed rate i.e., 9.30 % p.a. as per proviso to section 18(1) of the Act read with rule 15 of the rules.

43. The allottees have requested for fresh statement of account of the unit based on the above determinations of the authority and the request is allowed. The respondent/builder is directed to supply the same to the allottee within 30 days.

H. Directions of the authority

44. 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 pay interest at the prescribed rate of 9.30% p.a. for every month of delay from the due date of possession i.e., 31.08.2014 till the date of handing over possession.
- ii. The promoter may credit delay possession charges in the account ledger/statement of account of the unit of the allottees. If the amount outstanding against the allottees is more than the DPC this will be treated as sufficient compliance of this order.
- iii. If there is no amount outstanding against the allottees or less amount outstanding against the allottees then the balance delay possession charges shall be paid after adjustment of the outstanding against the allottees.


- iv. The arrears of such interest accrued from 31.08.2014 till the date of order by the authority shall be paid by the promoter to the allottees within a period of 90 days from date of this order and interest for every month of delay shall be paid by the promoter to the allottees before 10th of the subsequent month as per rule 16(2) of the rules.
- v. The complainants are directed to pay outstanding dues, if any, after adjustment of interest for the delayed period.
- vi. The rate of interest chargeable from the allottees by the promoter, in case of default shall be charged at the prescribed rate i.e., 9.30% by the respondent/promoter which is the same rate of interest which the promoter shall be liable to pay the allottees, in case of default i.e., the delayed possession charges as per section 2(za) of the Act.
- vii. The respondent shall not charge anything from the complainants which is not the part of the buyer's agreement. The respondent is debarred from claiming holding charges from the complainants/allottees at any point of time even after being part of apartment buyer's agreement as per law settled by hon'ble Supreme Court in civil appeal no. 3864-3899/2020 decided on 14.12.2020.

viii. The promoter is directed to furnish to the allottees, the statement of account within one month of issue of this order. If there is any objection by the allottee on statement of account, the same be filed with the promoter after fifteen days thereafter. In case the grievance of the allottee relating to statement of account is not settled by the promoter within 15 days, thereafter the allottees may approach the authority by filing separate application.

45. Complaint stands disposed of.

46. File be consigned to registry.


(Samir Kumar)
Member


(Vijay Kumar Goyal)
Member

Haryana Real Estate Regulatory Authority, Gurugram

Dated: 30.07.2021

Judgement uploaded on 07.09.2021

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