

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

New Complaint no. : 4719 of 2020

First date of hearing: 06.01.2021

Date of decision : 18.08.2021

1. Vikash Jha
2. Amrita Pompy
(Through SPA Abhay Kumar Mishra)
Both RR/o: - 2 Morning Glory Ln. Edison,
New Jersey- 08820 U.S.A.
Also at: - B-25, Hardev Nagar, Gali No. 1,
Jharoda Majra, Burrai Delhi- 110084

Complainants

Versus

M/s Supertech Limited
Regd. Office at: - 1114, 11th Floor, Hemkunt
Chambers, 89, Nehru Place, New Delhi-
110019

Respondent

CORAM:

Shri Samir Kumar
Shri Vijay Kumar Goyal

Member
Member

APPEARANCE:

Sh. Aditya Bhardwaj Advocate for the complainants
Sh. Bhrigu Dharmi Advocate for the respondent

ORDER

1. The present complaint dated 18.12.2020 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 as provided 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	"Araville", Sector- 79, Gurugram.
2.	Project area	10.0 acres
3.	Nature of the project	Group housing colony
4.	DTCP license no. and validity status	37 of 2011 dated 26.04.2011 valid till 25.04.2019
5.	Name of licensee	M/s Tirupati Buildplaza Private Limited
6.	RERA registered/not registered	Registered vide no. 16 of 2018 Dated 13.10.2018 (Tower No. A to F)
7.	RERA registration valid up to	31.12.2019
8.	Unit no.	E/0404, 4 th floor [Page no. 25 of complaint]
9.	Unit measuring	1530 sq. ft.
10.	Date of execution of flat buyer agreement	24.03.2014

		[page no. 24 of complaint]
11.	Payment plan	Construction linked payment plan [Page no. 26 of complaint]
12.	Total consideration	Rs.83,24,200/- [Page 26 no. of complaint]
13.	Total amount paid by the complainant	Rs. 80,09,970/- [as per possession outstanding statement dated 17.04.2020 page no. 39 of Complaint]
14.	Due date of delivery of possession as per clause E (1) of the allotment letter: by August 2015 plus 6 months grace period to cover any unforeseen circumstances and subject to timely payment. [Page 32 of complaint]	31.08.2015 [Note: - 6 month grace period is not allowed]
15.	Delay in handing over possession till the date of order i.e. 18.08.2021	5 years 11 months and 19 days

B. Facts of the complaint

3. The complainants have made the following submissions in the complaint:

- I. That the complainants are currently residing in State of New Jersey in United States of America. That it would have been difficult for them for contesting the present matter as the same would have involved huge expenditure and especially due to COVID-19 hence they

have authorized by way of Special Power of attorney dated 29.06.2020 Mr. Abhay Kumar Mishra to represent the complainants in the present proceedings and to the needful.

- II. That the complainants have purchased the property, which is flat No E/0404, in project developed by respondent which is Supertech Araville sector -79 Gurugram admeasuring 1530 sq. ft. That since the complainants had to take loan for the purchase of the above said property a letter was issued by the respondent to the bank of the complainants giving the no objection certificate for the transfer of the property.
- III. That at the time of execution of the application form an amount of Rs.38,51,700/- was already paid by erstwhile allottee. The complainants were required to pay the amount of Rs.44,66,943/- against the flat no. E/0404. It requires worth mention that the booking of the unit was done by the erstwhile allottee was done on 14.07.2012 and the project was to be delivered by August 2015 with extension of six months in case of unforeseen circumstances.
- IV. That few days after filing of the application an agreement dated 24.03.2014 was entered between complainants and respondent. Thereafter, the execution of the said agreement the complainants stepped into the shoes of the erstwhile allottees and became the allottees of the property. That as per possession of the unit clause 1 of the

agreement and clause E of the flat buyer agreement dated 24.03.2014 the project was to be delivered by August 2015.

- V. That the complainants were construction linked plan and the total value of the unit purchased by the complainants was Rs. 83,24,200/-.
- VI. Thereafter from time-to-time installments were paid to the respondent through the HDFC Ltd as and when the demand was received by complainants the disbursement was done by the bank on the instruction of the complainants.
- VII. That sometime in August 2015 when complainants approached the respondent for the delivery of flats it was informed to the complainant that the project is delayed however no reason was given for the delay of the project. It was stated that due to recession in the real estate sector the project is getting delayed as the company is in process of selling the huge inventory backlog. However no timeline was given for the delivery of the project.
- VIII. That till August 2015 the complainant had made a payment of Rs.80,09,970/- it requires worth mention that as per the flat buyer agreement dated 24.03.2014 the value of the unit was Rs.83,24,200/- inclusive of all the services meaning thereby that approximately 95% of the payment was received by the respondent way back in August 2015 which was due delivery date as per agreement.

- IX. That finally in the month of April 2020 the complainants received a letter dated 17.04.2020 wherein it was informed that the pre-possession stage in the project has arrived and along with the said letter a statement of account along with pending dues was also shared. That as per the statement of account dated 15.04.2020 the respondent has acknowledged that an amount of Rs.80,09,970/- has been paid by the complainants against the unit allotted to them. Further an amount of Rs.13,96,805/- was further demanded against various heads from the complainants.
- X. That the present project at the date of filing of the present complaint has been offered for prepossession. The actions of the respondent have been clearly in violation of the act and rules made there under as the respondent after having all the permissions way back in 2012 has failed to deliver the project within the time given in the agreement. In light of same the complainant requests the authority to levy penalty in form of interest at the rate of 24% for the period of delay.

C. Relief sought by the complainant.

4. The complainant has sought following relief(s):
- (i) To direct the respondent to pay interest for every month of delay at prevailing rate of interest @ 24% per annum.
5. 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.

6. The respondent contested the complaint on the following grounds. The submission made therein, in brief is as under: -

- I. That complainant booked an apartment being number no. 0404, 4th floor in tower E, having a super area of 1530 sq. ft. (approx.) for a total consideration of Rs.83,24,200/- vide a booking form dated 14.07.2012.
- II. That consequentially, after fully understanding the various contractual stipulations and payment plans for the said apartment, the complainant executed the flat buyer agreement dated 24.03.2014. Thereafter, further submitted that as per Clause 1 of section E of the terms and conditions of the agreement, the possession of the apartment was to be given by August 2015, with an additional grace period of 6 months.
- III. That as per clause 2 and 3 of section E the agreement, compensation for delay in giving possession of the apartment would not given to the allottees akin to the complainant who have not completed their dues and have defaulted on their payment plan.
- IV. That in interregnum, the pandemic of covid-19 gripped the entire nation since March 2020. The Government of

India has itself categorized the said event as a 'Force Majeure' condition, which automatically extends the timeline of handing over possession of the apartment to the complainant. Thereafter, it would be apposite to note that the construction of the project is in full swing, and the delay if at all, has been due to the government-imposed lockdowns which stalled any sort of construction activity. Till date, there are several embargos qua construction at full operational level.

- V. That the said project is registered with this Hon'ble authority vide registration no. 16 of 2018 dated 13.10.2018 and the completion date as per the said registration is December 2019;
- VI. That the delay if at all, has been beyond the control of the respondents and as such extraneous circumstances would be categorized as 'Force Majeure', and would extend the timeline of handing over the possession of the unit, and completion the project.
- VII. The delay in construction was on account of reasons that cannot be attributed to it. It is most pertinent to state that the flat buyer agreement provide that in case the developer/respondent delays in delivery of unit for reasons not attributable to the developer/respondent, then the developer/respondent shall be entitled to

proportionate extension of time for completion of the said project. The relevant clause which relates to the time for completion, offering possession extension to the said period are “clause 1, 2, 3, 6 under the heading “possession of allotted floor/apartment” of the “allotment agreement”. The respondent seeks to rely on the relevant clause of the agreement at the time of arguments.

- VIII. The force majeure clause, it is clear that the occurrence of delay in case of delay beyond the control of the respondent, including but not limited to the dispute with the construction agencies employed by the respondent for completion of the project is not a delay on account of the respondent for completion of the project.
- IX. That the timeline stipulated under the flat buyer agreement was only tentative, subject to force majeure reasons which are beyond the control of the respondent. The respondent in an endeavor to finish the construction within the stipulated time, had from time to time obtained various licenses, approvals, sanctions, permits including extensions, as and when required. Evidently, the respondent had availed all the licenses and permits in time before starting the construction;
- X. That apart from the defaults on the part of the allottee, like the complainant herein, the delay in completion of

project was on account of the following reasons/
circumstances that were above and beyond the control of
the respondent:

- shortage of labour/ workforce in the real estate market as the available labour had to return to their respective states due to guaranteed employment by the Central/ State Government under NREGA and JNNURM Schemes;
- that such acute shortage of labour, water and other raw materials or the additional permits, licenses, sanctions by different departments were not in control of the respondent and were not at all foreseeable at the time of launching of the project and commencement of construction of the complex. The respondent cannot be held solely responsible for things that are not in control of the respondent.

XI. The respondent has further submitted that the intention of the force majeure clause is to save the performing party from the consequences of anything over which he has no control. It is no more *res integra* that force majeure is intended to include risks beyond the reasonable control of a party, incurred not as a product or result of the *negligence or malfeasance* of a party, which have a materially adverse effect on the ability of such party to

perform its obligations, as where non-performance is caused by the usual and natural consequences of external forces or where the intervening circumstances are specifically contemplated. Thus, in light of the aforementioned it is most respectfully submitted that the delay in construction, if any, is attributable to reasons beyond the control of the respondent and as such the respondent may be granted reasonable extension in terms of the allotment letter.

- XII. It is public knowledge, and several courts and quasi-judicial forums have taken cognisance of the devastating impact of the demonetisation of the Indian economy, on the real estate sector. The real estate sector is highly dependent on cash flow, especially with respect to payments made to labourers and contractors. The advent of demonetisation led to systemic operational hindrances in the real estate sector, whereby the respondent could not effectively undertake construction of the project for a period of 4-6 months. Unfortunately, the real estate sector is still reeling from the aftereffects of demonetisation, which caused a delay in the completion of the project. The said delay would be well within the definition of 'Force Majeure', thereby extending the time period for completion of the project.

XIII. That the complainants have not come with clean hands before this hon'ble form and have suppressed the true and material facts from this hon'ble forum. It would be apposite to note that the complainants are mere speculative investor who has no interest in taking possession of the apartment. In fact a bare perusal of the complaint would reflect that they have cited 'financial incapacity' as a reason, to seek a refund of the monies paid by them for the apartment. In view thereof, this complaint is liable to be dismissed at the threshold.

XIV. The respondent has submitted that the completion of the building is delayed by reason of non-availability of steel and/or cement or other building materials and/ or water supply or electric power and/ or slow down strike as well as insufficiency of labour force which is beyond the control of respondent and if non-delivery of possession is as a result of any act and in the aforesaid events, the respondent shall be liable for a reasonable extension of time for delivery of possession of the said premises as per terms of the agreement executed by the complainant and the respondent. The respondent and its officials are trying to complete the said project as soon as possible and there is no malafide intention of the respondent to get the delivery of project, delayed, to the allottees. It is also

pertinent to mention here that due to orders also passed by the Environment Pollution (Prevention & Control) Authority, the construction was/has been stopped for a considerable period day due to high rise in Pollution in Delhi NCR.

XV. That the enactment of Real Estate (Regulation and Development) Act, 2016 is to provide housing facilities with modern development infrastructure and amenities to the allottees and to protect the interest of allottees in the real estate market sector. The main intension of the respondent is just to complete the project within stipulated time submitted before the HARERA authority. According to the terms of the builder buyer agreement also it is mentioned that all the amount of delay possession will be completely paid/adjusted to the complainant at the time final settlement on slab of offer of possession. The project is ongoing project and construction is going on.

XVI. That the respondent further submitted that the Central Government has also decided to help bonafide builders to complete the stalled projects which are not constructed due to scarcity of funds. The Central Government announced Rs.25,000 Crore to help the bonafide builders for completing the stalled/ unconstructed projects and

deliver the homes to the homebuyers. It is submitted that the respondent/ promoter, being a bonafide builder, has also applied for realty stress funds for its Gurgaon based projects.

XVII. That compounding all these extraneous considerations, the Hon'ble Supreme Court vide order dated 04.11.2019, imposed a blanket stay on all construction activity in the Delhi- NCR region. It would be apposite to note that the 'Hues' project of the respondent was under the ambit of the stay order, and accordingly, there was next to no construction activity for a considerable period. It is pertinent to note that similar stay orders have been passed during winter period in the preceding years as well, i.e. 2017-2018 and 2018-2019. Further, a complete ban on construction activity at site invariably results in a long-term halt in construction activities. As with a complete ban the concerned labor was let off and they traveled to their native villages or look for work in other states, the resumption of work at site became a slow process and a steady pace of construction as realized after long period of time.

XVIII. The respondent has further submitted that graded response action plan targeting key sources of pollution has been implemented during the winters of 2017-18 and

2018-19, These short-term measures during smog episodes include shutting down power plant, industrial units, ban on construction, ban on brick kilns, action on waste burning and construction, mechanized cleaning of road dust, etc. This also includes limited application of odd and even scheme.

XIX. That the pandemic of covid-19 has had devastating effect on the world-wide economy. However, unlike the agricultural and tertiary sector, the industrial sector has been severally hit by the pandemic. The real estate sector is primarily dependent on its labour force and consequentially the speed of construction. Due to government-imposed lockdowns, there has been a complete stoppage on all construction activities in the NCR Area till July 2020. In fact, the entire labour force employed by the respondent were forced to return to their hometowns, leaving a severe paucity of labour. Till date, there is shortage of labour, and as such the respondent has not been able to employ the requisite labour necessary for completion of its projects. The Hon'ble Supreme Court in the seminal case of ***Gajendra Sharma v. UOI & Ors, as well Credai MCHI & Anr. V. UOI & Ors***, has taken cognizance of the devastating conditions of the real estate sector, and has directed the UOI to come

up with a comprehensive sector specific policy for the real estate sector. According to Notification no. **9/3-2020 HARERA/GGM (Admn) dated 26.5.2020**, passed by this hon'ble authority, registration certificate date upto 6 months has been extended by invoking clause of force majeure due to spread of corona-virus pandemic in Nation, which is beyond the control of respondent.

XX. The respondent has further submitted that the authority vide its Order dated 26.05.2020 had acknowledged the covid-19 as a force majeure event and had granted extension of six months period to ongoing projects. Furthermore, it is of utmost importance to point out that vide notification dated 28.05.2020, the Ministry of Housing and Urban Affairs has allowed an extension of 9 months vis-à-vis all licenses, approvals, end completion dates of housing projects under construction which were expiring post 25.03.2020 in light of the force majeure nature of the covid pandemic that has severely disrupted the workings of the real estate industry. That the pandemic is clearly a 'Force Majeure' event, which automatically extends the timeline for handing over of possession of the apartment.

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 submission made by the parties.

E. Jurisdiction of the authority

8. The authority has complete jurisdiction to decide the complaint regarding non-compliance of obligations by the promoter as per provisions of section 11(4)(a) of the Act leaving aside compensation which is to be decided by the adjudicating officer if pursued by the complainants at a later stage.

F. Findings on the objections raised by the respondent

F.I. Objection regarding the project being delayed because of force majeure circumstances and contending to invoke the force majeure clause.

9. From the bare reading of the possession clause of the buyer developer agreement, it becomes very clear that the possession of the apartment was to be delivered by **August 2015**. The respondent in his contribution pleaded the force majeure clause on the ground of Covid- 19. That in the High Court of Delhi in case no. ***O.M.P (I) (COMM.) No. 88/2020 & I.As. 3696-3697/2020 title as M/S HALLIBURTON OFFSHORE SERVICES INC VS VEDANTA LIMITED & ANR. 29.05.2020*** it was held that *the past non-performance of the Contractor cannot be condoned due to the COVID-19 lockdown in March 2020 in India. The Contractor was in breach since September 2019. Opportunities were given to the Contractor to*

cure the same repeatedly. Despite the same, the Contractor could not complete the Project. The outbreak of a pandemic cannot be used as an excuse for non-performance of a contract for which the deadlines were much before the outbreak itself.

Now this means that the respondent/promoter has to complete the construction of the apartment/building by August 2015. It is clearly mentioned by the respondent/promoter for the same project, in complaint no. 4140 of 2020 (on page no. 49 of the reply) that only 85% of the physical progress has been completed in the project. The respondent/promoter has not given any reasonable explanation as to why the construction of the project is being delayed and why the possession has not been offered to the complainant/allottee by the promised/committed time. That the lockdown due to pandemic in the country began on 25.03.2020. So the contention of the respondent/promoter to invoke the force majeure clause is to be rejected as it is a well settled law that ***"No one can take benefit out of his own wrong"***. Moreover there is nothing on record to show that the project is near completion, or the developer applied for obtaining occupation certificate rather it is evident from his submission that the project is completed upto 85% and it may take some more time to get occupation certificate. Thus, in

such a situation the plea with regard to force majeure on ground of Covid- 19 is not sustainable.

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

10. 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 consumer 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 buyer and they have paid total price of **Rs.80,09,970/-** 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;"

11. In view of above-mentioned definition of "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 complainant is 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 is not entitled to protection of this Act also stands rejected.

G. Findings on the relief sought by the complainants.

Relief sought by the complainants:

- a) To direct the respondent to pay interest for every month of delay at prevailing rate of interest @ 24% per annum.
12. 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.”

13. Clause E (1) of the flat buyer agreement (in short, agreement) provides for handing over of possession and is reproduced below: -

E Possession of Unit

*1. The possession of the allotted unit shall be given to the Allottee(s) by the company by **August 2015**. However, this period can be extended due to unforeseen circumstances for a further grace period of 6 months to cover any unforeseen circumstances. The possession period clause is subject to timely payment by the Allottee(s) and the Allottee(s) agrees to abide by the same in this regard.”*

14. The authority has gone through the possession clause of the agreement and observed 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 buyer developer 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.

15. At the outset, it is relevant to comment on the preset possession clause of the agreement wherein the possession has been subjected to timely payment and all kinds of terms and conditions of this agreement and application, and the complainant not being in default under any provisions of this agreement 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 developer 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.

16. **Admissibility of grace period:** The promoter has proposed to hand over the possession of the apartment by 31.08.2015 and further provided in agreement that promoter shall be entitled to a grace period of 6 months for unforeseen circumstances and subject to timely payment by the allottees. The respondent has not mentioned any grounds/circumstances on the happening of which he would become entitled for the said extension of period. There is no document available on record that the allottee is in default w.r.t timely payments. As per buyer agreement the construction of the project is to be completed by August 2015 which is not completed till date. It may be stated that asking for the extension of time in completing the construction is not a statutory right nor has it been provided in the rules. Accordingly, this grace period of 6 months cannot be allowed to the promoter at this stage.

17. **Admissibility of delay possession charges at prescribed rate of interest:** The complainants are seeking delay possession charges at the rate of 24% p.a. however, proviso to

section 18 provides that where an allottees 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.

18. 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.
19. Taking the case from another angle, the complainant-allottee was entitled to the delayed possession charges/interest only at the rate of Rs.5/- per sq. ft. per month as per relevant clauses 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 installment for



the delayed payments. The functions of the authority 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 authority 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 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.

20. 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., 18.08.2021 is 7.30%. Accordingly, the prescribed rate of interest will be marginal cost of lending rate +2% i.e., 9.30%.

21. 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;"*

22. 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 the complainants in case of delayed possession charges.

23. On consideration of the circumstances, the documents, submissions made by the parties and based on the findings of the authority regarding contravention as per provisions of rule 28(2), the Authority is satisfied that the respondent is in contravention of the provisions of the Act. By virtue of clause E (1) of the agreement executed between the parties on

24.03.2014, the possession of the subject apartment was to be delivered within stipulated time i.e., by 31.08.2015. 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 31.08.2015. 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. The authority is of the considered view that there is delay on the part of the respondent to offer of possession of the allotted unit to the complainant as per the terms and conditions of the buyer developer agreement dated 24.03.2014 executed between the parties. Further no OC/part OC has been granted to the project. Hence, this project is to be treated as on-going project and the provisions of the Act shall be applicable equally to the builder as well as allottees.

24. Accordingly, the non-compliance of the mandate contained in section 11(4)(a) read with section 18(1) of the Act on the part of the respondent is established. As such the complainants are entitled to delay possession charges at rate of the prescribed interest @ 9.30% p.a. w.e.f. 31.08.2015 till the handing over of possession as per provisions of section 18(1) of the Act read with rule 15 of the Rules.

H. Directions of the authority

25. 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. 31.08.2015 till the handing over of possession of the allotted unit after obtaining the occupation certificate from the competent authority.
- ii. The complainants are directed to pay outstanding dues, if any, after adjustment of interest for the delayed period;
- iii. The arrears of such interest accrued from 31.08.2015 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;
- iv. 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(z) of the Act.

- v. The respondent shall not charge anything from the complainants which is not the part of the buyer developer 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. 3864-3889/2020 decided on 14.12.2020.

26. Complaint stands disposed of.

27. File be consigned to registry.

(Samir Kumar)

Member

Haryana Real Estate Regulatory Authority, Gurugram

(Vijay Kumar Goyal)

Member

Dated: 18.08.2021

Judgement uploaded on 15.10.2021