

**BEFORE THE HARYANA REAL ESTATE APPELLATE
TRIBUNAL**

Appeal No.289 of 2020
Date of Decision: 14.10.2021

Emaar India Limited, Registered Office: 306-308, Square one, C-2
District Centre, Saket, New Delhi-110017.

2nd Address:

Corporate Office Emaar Business Park, MG Road, Sikanderpur,
Sector 28, Gurugram-122002, Haryana.

Appellant

Versus

1. Ajay Singhal, C-903, Pioneer Park, Sector-61, Gurugram.
2. Kajal Singhal, C-903, Pioneer Park, Sector-61, Gurugram

Respondents

CORAM:

Justice Darshan Singh (Retd),
Shri Inderjeet Mehta,
Shri Anil Kumar Gupta,

Chairman
Member (Judicial)
Member (Technical)

Argued by: Shri Shekhar Verma, Advocate, Id. counsel for the
appellant. (through video conferencing)

Ms. Surbhi Garg, Advocate, Id. Counsel for the
respondents.

ORDER:

JUSTICE DARSHAN SINGH (RETD.) CHAIRMAN:

This appeal has been preferred by the appellant/promoter
against the order dated 04.02.2020 passed by the learned Haryana
Real Estate Regulatory Authority, Gurugram (hereinafter called 'the
Authority'), whereby complaint No.6214 of 2019 filed by the
respondents/allottees was disposed of by issuing the following
directions: -

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- “i) The respondent is directed to pay the interest at the prescribed rate i.e. 10.20% per annum for every month of delay on the amount paid by the complainants from due date of possession i.e. 14.11.2016 till the offer of possession i.e. 12.12.2018. The arrears of interest accrued so far shall be paid to the complainant within 90 days from the date of this order.*
- ii) The complainants are directed to pay outstanding dues, if any, after adjustment of interest for the delayed period.*
- iii) The respondent shall not charge anything from the complainants which is not part of the buyer's agreement.*
- iv) Interest on the due payments from the complainants shall be charged at the prescribed rate @ 10.20% by the promoter which is the same as is being granted to the complainants in case of delayed possession charges.”*

2. As per averments in the complaint filed by the respondents/allottees, they were allotted Unit No.GGN-15-0401, 4th floor, Tower 15, Gurgaon Greens, Sector-102, Gurugram, by the appellant/promoter vide provisional allotment letter dated 30.01.2013. A 'Bayer's Agreement' (hereinafter called 'the agreement') was executed on 08.05.2013. The basic price of the unit was Rs.98,63,260/-. The respondents/allottees have already paid a sum of Rs.98,97,998/-. The due date for delivery of possession as per Clause 14(a) of the agreement was 14.11.2016 i.e. 36 months from the date of start of construction (i.e. 14.06.2013) plus grace

period of five months. The payment plan was Instalment Payment Plan. It was pleaded that initially erstwhile owner, Vishal Kumar had booked the flat in question with the appellant and the complainants (respondents herein) had purchased the above said flat from its previous buyer.

3. It was further pleaded that on 18.11.2016 when the respondents visited the site, they were shocked to see the status of the project as no construction was going on as per the promises and representations made by the appellant. On 12.12.2018, they received offer of possession through mail (Annexure P/5). After receiving the above said offer of possession, they visited the project site and found that there were many irregularities in the project regarding the construction and its quality also. The respondents complained to the appellant regarding the same. However, the respondents were left with no other option except to take the possession which had been delayed for over three years and they took possession on 07.03.2019 (Annexure P/7).

4. It was further pleaded that as per Clause 1.2(c) of the agreement, upon delay payment by the allottee, the appellant could charge 24% simple interest per annum, however, on account of delay in handing over possession by the appellant he was liable to pay merely Rs.7.50 per sq. ft. of the super area for the period of delay as per Clause 16(a) of the agreement. It was pleaded that the appellant failed to complete the project on time, resulting in extreme kind of financial hardship mental, distress, pain and agony to the

respondents along with the delay in handing over the possession of the said unit. Hence, they have sought the following reliefs: -

- I. *Direct the respondent to pay interest for every month of delay at the prevailing rate (i.e. 10.20% p.a.) from due date of possession i.e. 14.11.2016 till offer of possession i.e. 12.12.2018, amounting to Rs.2090347.50.*

5. The appellant/promoter contested the complaint on the grounds *inter alia* that the complaint pertained to refund, compensation and interest which was to be adjudicated upon by the Adjudicating Officer under Section 71 of the Real Estate (Regulation and Development) Act, 2016 (hereinafter called 'the Act') read with rule 29 of the Haryana Real Estate (Regulation and Development) Rules, 2017 (hereinafter called 'the Rules') and not by the Authority. It was further pleaded that right from the beginning, the respondents/allottees are willful and persistent defaulters in making the payments and for that reason the appellant was constrained to issue reminders and the demand letters (Annexures R5A to R5E).

6. It was further pleaded that as per the terms and conditions of the Buyer's Agreement dated 08.05.2013, the respondents were under a contractual obligation to make timely payment of all amounts on or before the due dates of payment failing which the appellant was entitled to levy delayed payment charges in accordance with Clause 1.2(c) read with Clauses 12 and 13 of the Buyer's Agreement.

7. It was further pleaded that after completing the construction of the tower in which the apartment in question is situated, the appellant had applied for the occupation certificate on 13.04.2018 and the same was issued by the competent authority on 05.12.2018 (Annexure R11). After receiving the occupation certificate, the possession was offered to the respondents vide letter dated 12.12.2018 (Annexure R12) and they were called upon to remit balance amount as per the attached statement and also to complete the necessary formalities / documentation. The respondents took possession on 20.03.2019 vide handover letter (Annexure R14) and also executed an Indemnity-cum-Undertaking (Annexure R13). Conveyance-deed was executed on 28.03.2019 (Annexure R15). It was pleaded that on account of delay and defaults by the respondents, the due date for delivery of possession stood extended in accordance with Clause 14(b)(iv) of the agreement. Once, the application for issuance of the Occupation Certificate is submitted for approval in the office of the competent authority, the promoter ceases to have any control over the same. The appellant has diligently and sincerely pursued the matter with the concerned statutory authority for obtaining the Occupation Certificate. So, no fault or lapse can be attributed to the appellant. Therefore, the period utilized by the statutory authority in granting the Occupation Certificate is liable to be excluded from the computation of the time period utilized for implementation and development of the project.

8. It was further pleaded that the provisions of the Act are not retrospective in nature and cannot undo or modify the terms of the agreement duly executed between the parties prior to coming into force of the Act. The delayed interest demanded by the respondent is beyond the scope of the Buyer's Agreement which is not permissible. It was further pleaded that inspite of default in making timely payments of instalments by several allottees, the appellant diligently and earnestly pursued the development of the project in question as expeditiously as possible. Therefore, there was no default or lapse on the part of the appellant/promoter. It was further pleaded that as per Clause 16(c) of the agreement, the respondents being in default, were not entitled to any compensation.

9. All other pleas raised in the complaint were controverted and it was pleaded that the respondents/allottees were not entitled for any relief in the facts and circumstances of the case and thus prayed for dismissal of the complaint.

10. After hearing learned counsel for both the parties and appreciating the material on record, the learned Authority dispose of the complaint filed by the respondents/allottees vide impugned order dated 04.02.2020 issuing directions already reproduced in the upper part of this order.

11. We have heard learned counsel for the parties and have meticulously examined the record of the case.

12. Initiating the arguments, Shri Shekhar Verma, learned counsel for the appellant contended that the provisions of the Act were not applicable to the case in hand as there can be no retrospective application of the Act and the substantive rights of the parties cannot be taken away by the new enactment. Thus, he contended that the complaint filed by the respondents/allottees before the learned Authority was not maintainable. He further contended that the rights and obligations already agreed to between the parties before enforcement of the Act cannot be novated without the consent of the parties as per Section 62 of the Indian Contract Act, 1872 and that too in a discriminatory manner.

13. He further contended that the conveyance-deed in this case has already been executed in favour of the respondents/allottees and therefore the contract stands concluded. The present complaint has been filed after the conveyance-deed i.e. conclusion of the contract and therefore on that ground also, the complaint was not maintainable. Moreover, the compensation for delay was already paid to the allottee as per the 'Buyer's Agreement' which was duly accepted by the respondents/allottees. So, it does not lie in the mouth of the respondents to dispute the conclusion/discharge of contract, at this stage. He has drawn our attention to Section 55, Explanation 2 of the Indian Contract Act, 1872.

14. He further contended that if the allottee is entitled to interest at the prescribed rate under the Rules, then the appellant-

promoter is also entitled to take the benefit of declaration furnished under Section 4 (2)(l)(C) of the Act, wherein the appellant is given the extended time for completion of the project. He further contended that the conjoint reading of Clause 5, 7.1, 7.6 and 9.1 of the Model Agreement, Sections 4(2)(g) and 4(2) (l)(C) shows that the promoter is entitled to provide/declare a revised completion date, which may not be in consonance with the date given in the pre-existing agreements. Therefore, an allottee may be entitled to revised prescribed rate of interest only in post RERA period and cannot claim the revised prescribed rate of interest for the pre RERA period. But, this fact has not been taken into consideration by the learned Authority.

15. He further vehemently contended that the learned Authority had no jurisdiction to entertain the complaint filed by the respondents/allottees. He contended that the Act is totally silent as to what type of complaints shall be entertainable by the Authority and what type of complaints shall lie before the Adjudicating Officer. He contended that as per Section 31 sub-section 2 of the Act, the form, manner and fees for filing complaint under sub-section (1) shall be such as may be prescribed. He contended that as per Section 84(2) (oa) of the Act, the appropriate Government is competent to prescribe the form, manner and fees for filing of complaint under sub-section (2) of section 31 of the Act. But even in this section, the appropriate forum is not mentioned. He further contended that the rules became applicable w.e.f. 28.07.2017. Even

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the rules are silent as to which complaint will lie to which forum. He further contended that the present complaint was decided by the learned Authority under the un-amended rules as the operation of the amended rules was stayed by the Hon'ble High Court vide order dated 25.11.2019. The said stay order was vacated on 10.09.2020, whereas the impugned order has been passed on 04.02.2020. Learned counsel for the appellant contended that rule 28 prescribes Form 'CRA' for filing complaint before the learned Authority and Form 'CAO' mentioned in Schedule III for filing complaint before the Adjudicating Officer. He contended that as per rule 29 of the rules, the complaint for grant of interest and compensation as provided under Sections 12,14,18 and 19 of the Act shall lie with the Adjudicating Officer and not before the Authority. The complaint will lie before the Authority only with respect to the matters which are beyond the jurisdiction of the Adjudicating Officer.

16. He further contended that the respondents/allottees have filed complaint alleging the violation of the terms and conditions of the Agreement i.e. the delay in delivery of possession. There was no plea in the complaint that the appellant has violated any provision of the Act, rules and regulations. The learned Authority had no jurisdiction to deal with the complaint with respect to the violation of the terms and conditions of the Agreement. To elaborate his contentions, he has drawn our attention to Clause 33 of the Model Agreement for sale (Annexure-A) (rule-8), wherein it is provided that all or any disputes arising out or touching upon or in relation to the

terms and conditions of the agreement shall be settled amicably by mutual discussion, failing which the same shall be settled through the Adjudicating Officer. Thus, he contended that the position becomes clear that only the Adjudicating Officer can deal with the complaint with respect to the violation of the terms and conditions of the agreement for sale and the Authority can only deal with the cases where there is violation of the Act, rules and regulations.

17. He further contended that the view taken by this Tribunal in ***Appeal No.74 of 2018 Ramprastha Promoters and Developers Pvt Ltd. Vs. Ishwer Chand Garg***, decided on 29.07.2019, requires to be reviewed. He contended that there is no mention of forum for adjudication in Section 11(4)(a) of the Act for enforcement of obligations and responsibilities of the promoter to the allottees as per the agreement for sale. He further contended that Section 34 will also not confer jurisdiction upon the learned Authority to ensure the compliance of terms and conditions of the agreement. Similarly, he contended that Section 37 of the Act which provides the powers of the Authority to issue direction will also be of no help to the respondents/allottees as the said provision is applicable only to the directions to be issued for the purpose of discharging its functions by the Authority under the Act, rules or regulations made thereunder. There is no reference at all in these provisions with regard to the terms and conditions of the agreement to sell.

18. He further contended that Section 38 of the Act is also not applicable to the interest provided in Section 18 of the Act. In

Section 38 of the Act, the power of the Authority to impose interest is in alternative to the penalty for violation of the provisions of the Act, rules and regulations and not for violation of the terms and conditions of the agreement. He further contended that Section 38 of the Act refers to the penalty or interest, which are further qualified by the word “imposition” indicating that these are interchangeable and only refer to the penal proceedings and not the proceedings under Sections 18, 19 and 31 of the Act. Thus, he contended that neither the rules nor the provisions of the Act anywhere provide that the complaint with respect to violation of the terms and conditions of the agreement can be entertained and adjudicated upon by the learned Authority.

19. He further contended that the amendment of the rules vide notification dated 12.09.2019 is illegal. Only those provisions of the rules have been got amended where the Authority was facing the difficulty and in order to overcome the findings given by this Tribunal in **Sameer Mahawar Vs. M.G. Housing Pvt. Ltd. in Appeal No.6 of 2018** decided on 02.05.2019.

20. He further contended that the position further becomes clear from Section 71(3) of the Act that only the Adjudicating Officer has the power to grant compensation or interest for violation of the provisions of Sections 12, 14, 18 and 19 of the Act. The respondents/allottees are claiming interest for violation of the provisions of the Act by invoking the provisions of Section 18(1) of the Act. Thus, he contended that the entire scheme of the Act and

the rules shows that only the Adjudicating Officer has jurisdiction to deal with the complaints of this nature and the learned Authority had no jurisdiction to adjudicate upon these type of complaints. Thus, the impugned order is void ab-initio.

21. Learned counsel for the appellant has further contended that the provisions of the Act cannot be made applicable retrospectively and cannot undo the terms and conditions of the agreement already executed between the parties prior to the implementation of the Act. To support his contentions, he has relied upon the case ***ZILE SINGH Versus STATE OF HARYANA AND OTHERS (2004)8 Supreme Court Cases 1.***

22. He further contended that the appellant/promoter cannot be burdened with interest on the amount of External Development Charges (EDC) and Goods and Service Tax (GST) etc. which have been deposited by the promoter with the government/respective departments. That money was never retained by the appellant/promoter, so the appellant cannot be held liable for payment of interest on the said amount. With these pleas, learned counsel for the appellant pleaded that the impugned order is unsustainable in the eye of law.

23. Per contra, learned counsel for the respondents/allottees have defended the impugned order on the ground that the learned Authority had the complete jurisdiction to deal with the complaint wherein the interest for delayed possession and delivery of possession was sought. She contended that in this case, there is no

relief for refund or compensation claimed by the respondents in the complaint. It is not disputed that the project is a registered project, thus the provisions of the Act have become applicable which are retroactive in nature. She contended that the combined reading of Sections 11 (4)(a), 34, 37 and 38 of the Act leads to the conclusion that the learned Authority had jurisdiction to enforce the responsibility and obligations of the promoter as per the agreement. It can issue the necessary directions for fulfilling those obligations and can impose interest in case of failure of the Authority to comply with the terms and conditions of the agreement as those will also be in contravention of the Act being obligations as provided in Section 11(4)(a) of the Act.

24. She further contended that the possession of the unit was offered on 12.12.2018. Even, the Occupation Certificate was granted on 05.12.2018. So, it does not lie in the mouth of the appellant to allege that the provisions of the Act and the rules were not applicable to the case in hand as the relevant provisions of the Act have become applicable w.e.f. 01.05.2017 and the rules were enforced w.e.f. 28.07.2017 i.e. much before the issuance of the Occupation Certificate and offer of possession.

25. She further contended that the appellant cannot get the benefit of extension of time allegedly mentioned in the declaration under Section 4(2) (l) (C) of the Act and the appellant shall be bound by the terms and conditions of the agreement. She contended that there was huge delay of two years and twenty-eight days in the offer

of possession. She further contended that the Model Agreement for Sale prescribed in Annexure 'A' of the rules shall not be applicable in this case as the agreement between the parties was executed much prior to enforcement of the Rules.

26. She further contended that mere execution of the conveyance-deed will not extinguish the rights of the respondents-allottees to claim the interest for delayed possession which had accrued to him. Thus, she contended that the impugned order passed by the learned Authority is perfectly legal and valid. In support her contentions, he relied upon case titled as **WING COMMANDER ARIFUR RAHMAN KHAN AND ALEYA SULTANA AND OTHERS versus DLF SOUTHERN HOMES PRIVATE LIMITED (NOW KNOWN AS BEGUR OMR HOMES PRIVATE LIMITED) AND OTHERS, (2020) 16 Supreme Court Cases 512.**

27. In rebuttal, learned counsel for the appellant contended that the respondents/allottees cannot take the benefit of **WING COMMANDER ARIFUR RAHMAN KHAN AND ALEYA SULTANA AND OTHERS'** case (Supra) as in that case it was found that the conveyance-deed had to be got executed by the allottee under coercion/pressure.

28. Before proceeding further, it is pertinent to mention that the respondents/allottees have voluntarily participated in the proceedings through their counsel and have addressed the arguments to defend the impugned order. It shows that the

respondents have no objection in the disposal of the present appeal on merits.

29. We have duly considered the aforesaid contentions. This fact is not disputed that the project of the appellant is a registered project with the learned Authority. It is also an admitted fact that the buyer's agreement was executed between the parties prior to the enforcement of the Act. It also cannot be disputed that enforcement of the Act will not invalidate the buyer's agreement executed between the parties prior to the enforcement of the Act. So far as the applicability of the provisions of the Act, rules and regulations made thereunder to the pre-RERA agreements is concerned, it will depend upon the determination of the question as to whether the provisions of the Act are retrospective or prospective or retroactive. The Hon'ble Apex Court in case **State Bank's Staff Union (Madras Circle) Versus Union of India & Ors, AIR 2005 SC 3446** had laid down as under: -

*"23. In Advanced Law Lexicon by P. Ramanath Aiyar (3rd Edition, 2005) the expressions "**retroactive**" and "**retrospective**" have been defined as follows at page 4124 Vol.4 :*

*"**Retroactive-Acting** backward; affecting what is past. (Of a statute, ruling, etc.) extending in scope or effect to matters that have occurred in the past. Also termed **retrospective**. (Blacks Law Discretionary, 7th Edn. 1999)*

*'**Retroactivity**' is a terms often used by lawyers but rarely defined. On analysis it soon becomes apparent,*

moreover, that it is used to cover at least two distinct concepts. The first, which may be called '**true retroactivity**', consists in the application of a new rule of law to an act or transaction which was completed before the rule was promulgated. **The second concept, which will be referred to as 'quasi-retroactivity', occurs when a new rule of law is applied to an act or transaction in the process of completion.....** The foundation of these concepts is the distinction between completed and pending transaction...." (T.C. Hartley, *The Foundation of European Community Law* 129 (1981).

'Retrospective-Looking back; contemplating what is past. Having operation from a past time.

'Retrospective' is somewhat ambiguous and that good deal of confusion has been caused by the fact that it is used in more senses than one. In general however the Courts regard as **retrospective** any statute which operates on cases of facts coming into existence before its commencement in the sense that it affects even if for the future only the character or consequences of transactions previously entered into or of other past conduct. Thus, a statute is not **retrospective** merely because it affects existing rights; nor is it **retrospective** merely because a part of the requisite for its action is drawn from a time and antecedents to its passing. (Vol.44 Halsbury's Laws of England, Fourth Edition, Page 8 of 10 pages 570 para 921)."

30. The Division Bench of the Hon'ble Bombay High Court in **Neel Kamal Realtors Suburban Pvt. Ltd. & anr. Vs. Union of**

India and others 2018(1) RCR (Civil) 298 (DB) has also reiterated the same ratio of law and laid down as under: -

*“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. As regards Article 19(1)(g) it is settled principles that the right conferred by sub-clause (g) of Article 19 is expressed in general language and if there had been no qualifying provisions like clause (6) the right so conferred would have been an absolute one.”*

31. As per the aforesaid ratio of law the provisions of the Act are retroactive or quasi retroactive to some extent but not the retrospective. The second concept of quasi-retroactivity occurs when a new rule of law is applied to an act or transaction in the process of completion. Thus, the rule of quasi retroactivity will make the provisions of the Act and the Rules applicable to the acts or transactions, which were in the process of the completion though the contract/agreement might have taken place before the Act and the Rules became applicable. Hence, it cannot be stated that the

provisions of the Act and the Rules made thereunder will not be applicable to the agreement for sale executed between the parties prior to the commencement of the Act.

32. There is no dispute to the proposition of law laid down by the Hon'ble Apex Court in **Zile Singh's** case (Supra) relied by learned counsel for the appellant that it is a cardinal principle of construction that every statute is prima facie prospective unless it is expressly or by necessary implication made to have a retrospective operation. It was further laid down that the presumption against the retrospective operation is not applicable to curative or declaratory statutes.

33. We have not taken the view that the provisions of the Act are retrospective in nature, rather we have found that the provisions of the Act and the Rules made thereunder are retroactive or quasi-retroactive to some extent as laid down in **Neel Kamal's** case (Supra) and have become applicable to the acts or transactions which were in the process of completion on the date of implementation of the Act or the Rules made thereunder. So, **Zile Singh's** case (supra) relied upon by learned counsel for the appellant will not advance his case.

34. In the instant case, though the buyer's agreement was executed between the parties prior to the enforcement of the Act, but the transaction was still incomplete and the contract had not concluded. The buyer's agreement, in this case, was executed on 08.05.2013, the occupation certificate was issued by the competent

authority on 05.12.2018, the possession was offered to the respondents/allottees on 12.12.2018 and the relevant provisions of the Act came into force w.e.f. 01.05.2017. Thus, by that time even the occupation certificate was not received by the appellant/promoter and possession was not offered/delivered to the respondents/allottees. So, the transaction was still incomplete and the contract was subsisting. Thus, concept of quasi retroactivity will come into operation and the provisions of the Act, rules and regulations made thereunder became applicable to the buyer's agreements executed between the parties. To support this view, reference can also be made to the cases titled ***M/s Shanti Conductors (P) Ltd. Vs. Assam State Electricity Board 2019(1) Scale 747*** and ***M/s Harkaran Dass Vedpal Vs. Union of India and Ors.*** (Writ Petition No.10889 of 2015 decided on 22.07.2019) by the division bench of the Hon'ble Punjab and Haryana High Court. Consequently, the rights of the parties shall be governed by the provisions of the Act and the rules made thereunder.

35. We do not find any substance in the contentions raised by learned counsel for the appellant that for the pre-RERA period the interest should not be awarded as per the agreement and after the implementation of the Act only it can be awarded at the prescribed rate. Once it is found that the provisions of the Act are retroactive in nature and will be applicable to the transactions which were in the process of completion, as in this case, as a natural consequence the respondents/allottees shall be entitled to the interest at the

prescribed rate for the delay in delivery of possession for the entire period. Moreover, the terms of the agreement with respect to the delayed compensation to the respondents/allottees vis-à-vis the rate of interest on the delayed payments and various other conditions are ex-facie one-sided, unfair, unconscious and unreasonable. Such type of dominant terms and conditions of the agreement will not be final and can be ignored to impart the substantial justice. Reference can be made to the authoritative pronouncement of the Hon'ble Apex Court in case **Pioneer Urban Land & Infrastructure Limited vs. Govindan Raghavan, 2019(2) R.C.R. (Civil) 738.**

36. Mere this fact that the unit was allotted to the respondents and buyer's agreement was executed between the parties prior to the commencement of the Act will not take out the dispute beyond the purview of the Act and the dispute between the parties with respect to the fulfillment of obligations and responsibilities by the promoter to the allottees shall be governed by the provisions of the Act, rules and regulations made thereunder. However, the terms and conditions of the agreements still will be taken into consideration with respect to the matters for which there is no specific provision in the Act or the Rules and the same are not inconsistent/contrary to the provisions of the Act or the Rules.

37. Learned counsel for the appellant has contended that once the respondents are enforcing the provisions of the Act and the rules made thereunder, he cannot seek the original contract to be performed. He relied upon Section 62 of the Indian Contract Act,

1872. This contention of learned counsel for the appellant is again devoid of merits. Section 62 of the Indian Contract Act, 1872 reads as under: -

“62. Effect of novation, rescission and alteration of contract – *if the parties to a contract agree to substitute a new contract for it, or to rescind or alter it, the original contract need not be performed.”*

The above provision of law applies where the parties to the contract agree to substitute a new contract for the previous contract or to rescind or alter the provisions of the contract, in those conditions the original contract need not be performed. This provision applies to the willful and deliberate agreement between the parties for novation, rescission or alteration of the contract. Herein, the respondents have not lodged their claim on the basis of novation, rescission or alteration of the contract but on the basis of implication of law which has become applicable to the present subsisting transaction.

38. It is an admitted fact that even the conveyance-deed in this case was executed on 28.03.2019. Learned counsel for the appellant has contended that as the conveyance-deed has already been executed in favour of the respondents/allottees and the appellant/promoter has also paid the compensation for delay in delivery of possession as per the terms and conditions of the buyer's agreement which has been duly accepted by the respondents/allottees, so the respondents/allottees are debarred to

claim any further compensation. To stress his contentions, he has drawn our attention to Explanation 2 to Section 55 of the Indian Contract Act, 1872.

39. We have duly considered the aforesaid plea. Section 55 of the Indian Contract Act, 1872 reads as under:-

“55. Effect of failure to perform at fixed time, in contract in which time is essential. —When a party to a contract promises to do a certain thing at or before a specified time, or certain things at or before specified time, and fails to do any such thing at or before the specified time, the contract, or so much of it as has not been performed, becomes voidable at the option of the promisee, if the intention of the parties was that time should be of the essence of the contract.

Effect of such failure when time is not essential. —If it was not the intention of the parties that time should be of the essence of the contract, the contract does not become voidable by the failure to do such thing at or before the specified time; but the promisee is entitled to compensation from the promisor for any loss occasioned to him by such failure.

Effect of acceptance of performance at time other than that agreed upon. —If, in case of a contract voidable on account of the promisor's failure to perform his promise at the time agreed, the promisee accepts performance of such promise at any time other than that agreed, the promisee cannot claim compensation for any loss occasioned by the non-performance of the promise at the time agreed,

unless, at the time of such acceptance, he gives notice to the promisor of his intention to do so.”

The provisions of the Indian Contract Act are general provisions governing the contractual rights, obligations and disputes, whereas the Act is a special statute which has been enacted by the Legislature to protect the interest of the consumers in the real estate sector and to determine the disputes between the promoters and the allottees. Section 18(1) of the Act reads as under: -

“18. Return of amount and compensation—

- (1) *If the promoter fails to complete or is unable to give possession of an apartment, plot or building, —*
- (a) in accordance with the terms of the agreement for sale or, as the case may be, duly completed by the date specified therein; or*
 - (b) due to discontinuance of his business as a developer on account of suspension or revocation of the registration under this Act or for any other reason.*

he shall be liable on demand to the allottees, in case the allottee wishes to withdraw from the project, without prejudice to any other remedy available, to return the amount received by him in respect of that apartment, plot, building, as the case may be, with interest at such rate as may be prescribed in this behalf including compensation in the manner as provided under this Act:

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.”

40. The proviso to Section 18 clearly 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 the possession, at such rate as may be prescribed. So, there is a specific provision in the Act that if the promoter fails to deliver possession on the stipulated date as per the terms and conditions of the agreement and the allottee does not intend to withdraw from the project, the promoter shall be liable to pay interest to the allottee for every month of delay till the handing over of the possession, at the prescribed rate. It is settled principle of law that the provisions of the special Act always override the provisions of the general law. So, the provisions of Section 18 of the Act will override the provisions of Section 55 of the Indian Contract Act.

41. It also cannot be stated that the respondents/allottees would have deferred the execution of the conveyance-deed and taking over of the possession just in order to lodge claim for compensation because the delay of two years and twenty-eight days in handing over the possession had already occurred. Almost the entire sale consideration has already been paid by the respondents/allottees. In case the respondents/allottees would not had taken over the possession, he would have been further made liable for payment of the holding charges. In these circumstances, there was no option with the respondents/allottees but to get the conveyance-deed executed and take over the physical possession of the unit. Thus, it cannot be stated that the respondents/allottees

cannot take the benefit of ratio of law laid down by the Hon'ble Apex Court in **WING COMMANDER ARIFUR RAHMAN KHAN AND ALEYA SULTANA AND OTHERS'** case (*Supra*) wherein it was categorically held that the flat owners who had obtained possession or got executed the conveyance-deed, do not lose their right to make claim for compensation for the delay in handing over possession of the flats. These observations of the Hon'ble Apex Court are complete answer to the contentions raised by learned counsel for the appellant. Thus, mere this fact that possession of the unit has already been offered/handed over or that the conveyance-deed has already been executed, will not disentitle the respondents/allottees to claim the interest for delay in delivery of possession which had already accrued to him. The respondents/allottees shall be entitled to the appropriate interest for delay as per the provisions of the Act and the rules made thereunder. If the appellant/promoter has unilaterally credited some insufficient amount in the account of the respondents/allottees, that cannot be considered to be a voluntary and conscious acceptance of the said amount of compensation and cannot be made the basis for discharge of the contract. In order to discharge the contract, the acceptance of the compensation must be voluntary, willingly and consciously. There is absolutely no material on record to establish any such acceptance by the respondents/allottees. These ingredients are totally missing in this case as such the appellant cannot even take the shelter of

explanation 2 to Section 55 of the Indian Contract Act to allege the discharge of contract.

42. On the one hand, the appellant has taken the plea that the provisions of the Act, rules and regulations made thereunder are not retrospective in nature and the same cannot undo or rewrite the terms and conditions of the buyer's agreement. On the contrary, he contended that the conjoint reading of Clause 5, 7.1, 7.6 and 9.1 of the Model Agreement, Sections 4(2)(g) and 4(2) (l) (C) of the Act show that the promoter is entitled to provide/declare a revised date of completion of the project in the declaration form. We are unable to subscribe ourselves to these contentions. The declaration for the completion of the project under Section 4(2)(l)(C) of the Act is given unilaterally by the promoter to the Authority at the time of getting the real estate project registered. The allottee had no opportunity to raise any objection at that stage, so this unilateral Act of mentioning the date of completion of project by the builder will not abrogate the rights of the allottee under the agreements for sale entered into between the parties. The Division Bench of the Hon'ble Bombay High Court in case **Neel Kamal Realtors Suburban Pvt. Ltd. & anr. Vs. Union of India and others** (Supra) has laid down as under: -

*“Section 4(2)(l)(C) enables the promoter to revise the date of completion of project and hand over possession. **The provisions of RERA, however, do not rewrite the clause of completion or handing over possession in agreement for sale.** Section 4(2)(l)(C) enables the promoter*

*to give fresh time line independent of the time period stipulated in the agreements for sale entered into between him and the allottees so that he is not visited with penal consequences laid down under RERA. **In other words, by giving opportunity to the promoter to prescribe fresh time line under Section 4(2)(l)(C) he is not absolved of the liability under the agreement for sale.***

Recently, in case ***M/s Imperia Structures Ltd. and others Versus Anil Patni and others, Law Finder DocId#1758728***, the Hon'ble Apex Court has laid down as under:-

*“33. We may now consider the effect of the registration of the Project under the RERA Act. In the present case the apartments were booked by the Complainants in 2011-2012 and the Builder Buyer Agreements were entered into in November, 2013. As promised, the construction should have been completed in 42 months. The period had expired well before the Project was registered under the provisions of the RERA Act. Merely because the registration under the RERA Act is valid till 31.12.2020 does not mean that the entitlement of the concerned allottees to maintain an action stands deferred. **It is relevant to note that even for the purposes of Section 18, the period has to be reckoned in terms of the agreement and not the registration. Condition no.(x) of the letter dated 17.11.2017 also entitles an allottee in same fashion. Therefore, the entitlement of the Complainants must be considered in the light of the terms of the Builder Buyer Agreements and was rightly dealt with by the Commission.**”*

Thus, as per the ratio of law laid down in the cases referred above, the revised date of completion of the project mentioned in the declaration form under Section 4(2)(l)(C) of the Act will not extend the date of delivery of possession as mentioned in the buyer's agreement.

43. There can be no dispute that as per Section 84(2) of the Act, the appropriate government is competent to prescribe the relevant forms for filing the complaint under Section 31(2) of the Act. The relevant forms have been prescribed under rules 28 and 29 of the Rules. The complaint lies to the Authority in form 'CRA' and the complaint lies to the Adjudicating Officer in form 'CAO' prescribed in Schedule III of the Rules. We do not find any substance in the contentions raised by learned counsel for the appellant that the learned Authority had no jurisdiction to deal with complaint filed by the allottees for grant of interest for delayed delivery of possession and it should have been filed before the Adjudicating Officer. The Adjudicating Officer is appointed by the Authority under Section 71(1) of the Act for adjudging the compensation under Sections 12, 14, 18 and 19 of the Act. The word 'interest' does not figure at all in Section 71(1) of the Act. It only figures in Section 71(3) of the Act which authorize the Adjudicating Officer to award the compensation or interest, as the case may be. It signifies that the interest mentioned in Section 71(3) of the Act is an alternative to the lump sum compensation. The interest mentioned in Section 71(3) is awarded in lieu of the compensation and is to be adjudged as per

factors provided under Section 72 of the Act, whereas the interest payable under proviso to Section 18(1) of the Act is interest simplicitor on the prescribed rate for delay in delivery of the possession where the allottee does not intend to withdraw from the project. The said interest automatically flows from the terms of the agreement and does not involve intricate adjudication. Rule 29 sub-rule (1) of the Act reads as under:-

“29. Filing of complaint and inquiry by adjudicating officer. Sections 12, 14, 18 and 19.-

(1) Any aggrieved person may file a complaint with the adjudicating officer for interest and compensation as provided under sections 12, 14, 18 and 19 in Form ‘CAO’, in triplicate, which shall be accompanied by a fee as mentioned in Schedule III in the form of a demand draft or a bankers cheque drawn on a Scheduled bank in favour of “Haryana Real Estate Regulatory Authority” and payable at the branch of that bank at the station where the seat of the said Authority is situated.”

44. Rule 29(1) of the rules, provides that any aggrieved person may file a complaint with the Adjudicating Officer for interest and compensation as provided under Sections 12, 14, 18 and 19. Sub rule 2 of rule 29 provides the procedure to be followed for adjudging the interest and compensation. The words mentioned in rule 29 are the interest and compensation which cannot be segregated and the only possible interpretation is the compensation alongwith interest

or interest in lieu of compensation. Thus, in view of the scheme of the Act and the rules, rule 29 deals with the grant of compensation alongwith interest or the interest in lieu of compensation.

45. Section 72 of the Act reads as under: -

72. Factor to be taken into account by the adjudicating officer-

While adjudging the quantum of compensation or interest, as the case may be, under section 71, the adjudicating officer shall have due regard to the following factors, namely: —

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
- (b) the amount of loss caused as a result of the default;
- (c) the repetitive nature of the default;
- (d) such other factors which the adjudicating officer considers necessary to the case in furtherance of justice.

46. Section 72 of the Act makes implicit the factors to be taken into account by the Adjudicating Officer in order to adjudge the quantum of compensation or interest. It shows that the interest mentioned in section 71 is not the interest at the prescribed rate. Rather it has to be determined keeping in view the factors mentioned in section 72 of the Act. Thus it cannot be concluded that section 71 of the Act or rule 29 covers the interest simplicitor claimed by the allottee for causing delay in the delivery of

possession. Consequently, there is no specific bar to the Authority to deal with the cases seeking the direction for the delivery of possession and interest simplicitor for delayed possession.

47. Section 11 (4) of the Act reads as under: -

(4) The promoter shall—

(a) be responsible for all obligations, responsibilities and functions under the provisions of this Act or the rules and regulations made thereunder or to the allottees as per the agreement for sale, or to the association of allottees, as the case may be, till the conveyance of all the apartments, plots or buildings, as the case may be, to the allottees, or the common areas to the association of allottees or the competent authority, as the case may be:

Provided that the responsibility of the promoter, with respect to the structural defect or any other defect for such period as is referred to in sub-section (3) of section 14, shall continue even after the conveyance deed of all the apartments, plots or buildings, as the case may be, to the allottees are executed.

(b) be responsible to obtain the completion certificate or the occupancy certificate, or both, as applicable, from the relevant competent authority as per local laws or other laws for the time being in force and to make it available to the allottees individually or to the association of allottees, as the case may be;

(c) be responsible to obtain the lease certificate, where the real estate project is developed on a

leasehold land, specifying the period of lease, and certifying that all dues and charges in regard to the leasehold land has been paid, and to make the lease certificate available to the association of allottees;

(d) be responsible for providing and maintaining the essential services, on reasonable charges, till the taking over of the maintenance of the project by the association of the allottees;

(e) enable the formation of an association or society or co-operative society, as the case may be, of the allottees, or a federation of the same, under the laws applicable:

Provided that in the absence of local laws, the association of allottees, by whatever name called, shall be formed within a period of three months of the majority of allottees having booked their plot or apartment or building, as the case may be, in the project;

(f) execute a registered conveyance deed of the apartment, plot or building, as the case may be, in favour of the allottee along with the undivided proportionate title in the common areas to the association of allottees or competent authority, as the case may be, as provided under section 17 of this Act;

(g) pay all outgoings until he transfers the physical possession of the real estate project to the allottee or the associations of allottees, as the case may be, which he has collected from the allottees, for the payment of outgoings (including land cost, ground rent, municipal or other local taxes, charges for water or electricity, maintenance charges, including

mortgage loan and interest on mortgages or other encumbrances and such other liabilities payable to competent authorities, banks and financial institutions, which are related to the project): Provided that where any promoter fails to pay all or any of the outgoings collected by him from the allottees or any liability, mortgage loan and interest thereon before transferring the real estate project to such allottees, or the association of the allottees, as the case may be, the promoter shall continue to be liable, even after the transfer of the property, to pay such outgoings and penal charges, if any, to the authority or person to whom they are payable and be liable for the cost of any legal proceedings which may be taken therefor by such authority or person;

(h) after he executes an agreement for sale for any apartment, plot or building, as the case may be, not mortgage or create a charge on such apartment, plot or building, as the case may be, and if any such mortgage or charge is made or created then notwithstanding anything contained in any other law for the time being in force, it shall not affect the right and interest of the allottee who has taken or agreed to take such apartment, plot or building, as the case may be.”

48. The aforesaid provisions of law provide that the promoter shall be responsible to fulfil the obligation towards the allottee as per the terms and conditions of the agreement for sale. Once this obligation has been incorporated in the substantive provision of the Act, its non-compliance may invite the violation of the provision of the Act. As per section 34(f) the Authority is competent to ensure the

compliance of the obligations casted upon the promoter under this Act and the Rules and Regulations made thereunder. As per section 11(4)(a) it is the statutory obligation of the promoter to fulfil his obligations and responsibilities towards allottee as per agreement for sale. So, the Learned Authority can enforce the compliance of said obligations under section 34(f), which are not expressly prohibited to be taken cognizance of by the Authority under the Act and the rules made thereunder. Section 37 of the Act also provides that Authority may issue directions as it may consider necessary to the promoters or allottees or real estate agents for the purpose of discharging its functions under the Act or rules or regulations made thereunder. Thus for awarding the interest under section 18(1) of the Act due to non-fulfilment of the obligations/responsibilities as per the terms and conditions of the agreement by the promoter, the Authority will be competent to award interest simplicitor at the prescribed rate by taking the aid of the provision of section 11(4)(a), 34(f) and 37 of the Act read with rules 28 and 29 of the rules.

49. Section 38 of the Act also empowers the Authority to impose penalty or interest in respect of any contravention of obligations casted upon the promoter, allottee and real estate agent under this Act and Rules and Regulation made thereunder. As already discussed the obligations/responsibilities of the promoter towards the allottee as per the terms and conditions of the agreement are also the statutory obligation in view of section 11(4)(a)

of the Act. The Hon'ble Bombay High Court in **Neelkamal's Case (supra)** has laid down as under: -

*"Insofar as Section 38 is concerned, the Authority is empowered to impose penalty or interest in respect of contravention of obligations cast upon the promoter/allottees under the Act or the Rules and the Regulations made thereunder. Thus, the Authority can also impose penalty or interest on the allottees for contravention of the obligations cast upon them. **At the same time, the Authority can impose penalty or interest on the promoter on account of contravention of obligations cast upon him.**"*

Even, in view of the aforesaid observations of Hon'ble Bombay High Court in **Neelkamal's case (supra)**, the Authority is empowered to impose interest for non-compliance of the obligations casted upon him by virtue of Section 38 of the Act.

50. Learned counsel for the appellant has relied upon Clause 33 of the Model Agreement for sale (Annexure-A) (rule-8) to contend that any dispute arising out of the terms and conditions of the agreement is to be settled by the Adjudicating Officer. This plea is again misconceived. Firstly, the buyer's agreement between the parties is not as per the Model Agreement for sale (Annexure-A). Secondly, annexures/schedules appended to the Rules cannot override the substantive provisions of the Act.

51. Learned counsel for the appellant has contended that this Tribunal should revisit its view in ***Appeal No.74 of 2018 titled as "Ramprastha Promoters and Developers Pvt. Ltd. Vs. Ishwer Chand Garg"*** decided on 29.07.2019. On the query made by this

Tribunal learned counsel for the appellant has very fairly stated that this judgment passed by this Tribunal has not been so far set-aside by any higher forum. Moreover, we have no reason to differ with our observations/findings recorded in the aforesaid case.

52. The plea raised by learned counsel for the appellant that there is absence of mentioning the forum for adjudicating the complaints in the provisions of the Act, is also of no substance. The conjoint and careful reading of Sections 11(4)(a), 34(f), 37 and 38 of the Act read with rules 28 and 29 of the Rules indicates that the learned Authority has every jurisdiction to get the obligations/responsibilities of the promoter as per the terms and conditions of the agreement fulfilled which includes the award of interest for delay in delivery of possession.

53. Learned counsel for the appellant has also contended that the appellant/promoter cannot be burdened with interest on the amount of external development charges and Goods and Service Tax etc. This plea raised by learned counsel for the appellant deserves outright rejection on the ground that no such plea has been taken by the appellant either in the reply to the complaint or in the grounds of appeal. Moreover, there is no material on record to show as to how demand for external development charges was raised by the government, how much development charges were actually deposited by the appellant, when the said amount of external development charges was collected from the respondents/allottees and when the said amount was further deposited with the

Appeal No.289 of 2020

government. Similar is the position with respect to the Goods and Service Tax. Furthermore, if the project would have been completed within the stipulated period as per the terms and conditions of the agreement, there was no question of imposition of GST as the GST was levied w.e.f. 01.07.2017.

54. Thus, keeping in view our aforesaid discussion, we do not find any illegality in the impugned order passed by the learned Authority. Consequently, the present appeal is without any merits and the same is hereby dismissed.

55. The amount deposited by the appellant/promoter i.e. Rs.20,96,640/- with this Tribunal to comply with the provisions of Section 43(5) of the Act be remitted to the learned Haryana Real Estate Regulatory Authority, Gurugram for disbursement to the respondents/allottees in accordance with law.

56. The copy of this order be communicated to learned counsel for the parties/parties and the learned Authority for compliance.

57. File be consigned to the records.

Announced:
October 14, 2021

Justice Darshan Singh (Retd.)
Chairman,
Haryana Real Estate Appellate Tribunal,
Chandigarh

Inderjeet Mehta
Member (Judicial)

Anil Kumar Gupta
Member (Technical)

Judgment-Haryana Real Estate Appellate Tribunal

Appeal No.289 of 2020

**Emaar India Limited vs. Ajay Singhal & Anr.
Appeal No. 289 of 2020**

Present: Sh. Yashvir Balhara, Advocate for Sh. Shekhar Verma, Advocate, Ld. counsel for the appellant. (in person)

Sh. Gaurav Bhardwaj, Advocate, Ld. counsel for the respondent.

(The Court proceedings conducted through VC)

Vide our separate detailed order of the even date, the appeal is dismissed.

The amount deposited by the appellant/promoter i.e. Rs.20,96,640/- with this Tribunal to comply with the provisions of Section 43(5) of the Real Estate (Regulation and Development) Act, 2016 be remitted to the learned Haryana Real Estate Regulatory Authority, Gurugram for disbursement to the respondents/allottees in accordance with law.

Copy of the detailed order be communicated to learned counsel for the parties/parties and the learned Authority.

File be consigned to record.

Announced:
October 14, 2021

Justice Darshan Singh (Retd.)
Chairman,
Haryana Real Estate Appellate Tribunal,
Chandigarh

Inderjeet Mehta
Member (Judicial)

Anil Kumar Gupta
Member (Technical)

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