

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

Complaint no. : 478 of 2020
First date of hearing: 08.04.2020
Date of decision : 20.07.2021

1.Adeep Gupta
2.Rupali Gupta

R/o: - B-181, Belvedere Tower, DLF Phase-2,
Opposite RBS building, Gurugram

Complainants

Versus

Athena Infrastructure limited
Regd. office: M-62 & 63, 1st floor, Connaught
Place, New Delhi-110001

Respondent

CORAM:

Shri Samir Kumar
Shri Vijay Kumar Goyal

**Member
Member**

APPEARANCE:

Shri. Pawan Kumar Ray Advocate for the complainants
Shri. Rahul Yadav Advocate for the respondent

ORDER

1. The present complaint dated 07.02.2020 has been filed by the complainants/allottees in Form CRA 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 to the allottee as per the agreement for sale executed inter-se them.

A. Unit and Project related details:

2. The particulars of the project, the details of 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.	Name and location of the project	"Indiabulls Enigma" Sector 110, Gurugram
2.	Nature of the project	Residential complex
3.	Project area	15.6 acres
4.	DTCP License	213 of 2007 dated 05.09.2007 valid till 04.09.2024 10 of 2011 dated 29.01.2011 valid till 28.01.2023
	Name of the licensee	M/s Athena Infrastructure Pvt. Ltd.
		64 of 2012 dated 20.06.2012 valid till 19.06.2023
	Name of the licensee	Varali properties
5.	HRERA registered/ not registered	Registered vide no. i. 351 of 2017 dated 20.11.2017 valid till 31.08.2018 ii. 354 of 2017 dated 17.11.2017 valid till 30.09.2018

		<p>iii. 353 of 2017 dated 20.11.2017 valid till 31.03.2018</p> <p>iv. 346 of 2017 dated 08.11.2017 valid till 31.08.2018</p>
6.	Date of execution of buyer's agreement	<p>31.01.2012</p> <p>(As per page 31 of the complaint)</p>
7.	Unit no.	<p>B022, 2nd floor, Tower/Block B</p> <p>(As per page 35 of the complaint)</p>
8.	Super Area	3400 sq. ft
9.	Payment plan	<p>Construction linked payment plan</p> <p>(Page 62 of the complaint)</p>
10.	Total consideration	<p>Rs. 1,50,33,250/-</p> <p>(As per statement of account dated 22.01.2020 at page 62 of the complaint)</p>
11.	Total amount paid by the complainant	<p>Rs. 1,11,53,375/-</p> <p>(As per statement of account dated 22.01.2020 at page 62 of the complaint)</p>
12.	<p>Due date of delivery of possession</p> <p><i>(As per clause 21 of the agreement: The Developer shall endeavor to complete the construction of the said building /Unit within a period of three years, with a six months grace period thereon from the date of execution of the Flat Buyers Agreement subject to timely payment by the Buyer(s) of Total Sale Price payable according</i></p>	<p>31.07.2015</p> <p>Calculated from the buyer's agreement</p> <p>(Grace period of 6 months is allowed)</p>

	<i>to the Payment Plan applicable to him or as demanded by the Developer. The Developer on completion of the construction /development shall issue final call notice to the Buyer, who shall within 60 days thereof, remit all dues and take possession of the Unit)</i>	
13.	Offer of possession	Not offered
14.	Occupation Certificate	Not received for Tower B
15.	Delay in delivery of possession till the date of decision i.e 20.07.2021	5years 11 months 20 days

B. Facts of the complaint

3. The complainants are allottees of a flat in the project of the respondent company, namely, "**INDIABULLS ENIGMA** at Sector-110, Gurugram. The complainants booked the said unit in the month of December 2011 and the possession was supposed to be delivered by 31.01.2015. The complainants also made a payment of Rs. 5,00,000/- vide cheque no. 074173 as booking amount on 02.12.2011, the respondent company issued an allotment letter dated 16.01.2012 whereby the complainants were allotted flat no.022, block B,2nd floor with a super area of 3400 sq. ft and covered area of 2605.54 sq. ft. and type-4 BHK + SQ with 2 car parking. The basic price is Rs.1,32,60,000/- and total price is Rs.1,48,71,000/-

4. The arbitrary and unfairness of the apartment buyer agreement can be derived from the Clauses 10, 11 and 21. As per the clause 10, the respondent had the right to terminate the agreement and forfeit the earnest money in case of delay in payment of installments and as per clause 11, had the right to accept the delay payment with an interest @ 18% p.a. However, as per the clause 22, in the case of delay in completion of the project, the complainants were entitled to get compensation @ Rs. 5/- per sq. ft. every month of delay beyond 36+6 months.
5. As per the possession clause 21 of the flat buyer agreement dated 31.01.2012; the possession of the apartment was to be delivered within 36 months from the date of execution of the buyers agreement. The clause also allowed 6 months grace period from 36 months to the respondent company to complete the project. Thus, the respondent company was supposed to hand over the possession by 31.01.2015 and with grace period by 31.07.2015. The respondent company failed to offer possession within the prescribed date of 31.01.2015. The respondent failed to deliver the possession till today i.e. after almost 5 years. The possession clause 21 of the agreement dated 31.01.2015 is reproduced below: -

"21. The Developer shall endeavor to complete the construction of the said building/Unit within a period of three years, with a six months grace period thereon from the date of execution of the Flat Buyers Agreement subject to timely payment by the Buyer(s) of Total Sale Price payable according to the Payment Plan applicable to him or as demanded by the Developer. The Developer on completion of the construction/ development shall issue final call notice to the Buyer, who shall within 60 days thereof, remit all dues and take possession of the Unit...."

6. That the complainants opted for a payment plan for the payment of total consideration wherein he was required to pay the installment at the following stages:

Payment Schedule	
Basic Sale Price (Agreement Value)	Rs. 14,871,000
Booking Amount	Rs. 500,000
10% of Sale Price (less booking amount within 30 days)	Rs. 933,100
Within 60 days 100% EDC/IDC + BSP (82,66,900)	Rs. 9,337,900
Maintenance Security + Club House + Balance BSP (Rs. 35,60,000) on offer of Possession	Rs. 4,100,000
Total Sale Price	Rs. 14,871,000

as per the payment plan, the complainants were supposed to make payment of Rs. 1,07,71,000/- against the total consideration. It is submitted that the complainants paid Rs. 1,10,20,775/- by 01.02.2012 (i.e. within 60 days from booking of the flat) without default.

7. The date the complainants have made total payment of Rs. 1,11,53,375/- against the total revised consideration of Rs. 1,48,71,000/- The remaining amount of Rs. 41,00,000/- was supposed to be paid on offer of possession.
8. It is pertinent to mention that the complainants availed a home loan of Rs. 75,00,000/- from Indiabulls Housing Finance Limited. It is also mentioned that the said loan of Rs. 75,00,000/- was availed by the complainants on a very high interest rate of 11.25% per annum. It is pertinent to mention that the respondent company is a

subsidiary of Indiabulls Real Estates Limited. The Indiabulls Housing Finance Limited and the Indiabulls Real Estates Limited are group companies. It is further submitted that the entire loan amount of Rs. 75,00,000/- were transferred to the respondent against the total consideration of the unit on 24.01.2012. It is submitted that due to delay in handing over the possession, the complainants are extra burdened with the repayment of loan along with expenses on current house.

9. It is also submitted that the respondent has always charged exorbitantly high interest rates on the delayed payments by the complainants. That the complainants sent a letter dated 07.01.2016 for demand and payment of VAT for the subject unit. Vide the said letter, the complainants were instructed to pay an amount of Rs. 3,64,650/- towards tentative share of VAT liability within a period of one month from the receipt of the letter failing which the complainants were liable to pay a penal interest of 24% per annum. It is pertinent to mention that the interest on delay payment was even more than the interest in delay payment as mentioned in clause 11 of the agreement.
10. The complainants have contacted the representative of the respondent to enquiry about the status of the project and about the expected date of possession. However, the complainants never received any satisfactory or concrete response from them. The complainants have written series of emails at regular interval for the status of the project. On 05.05.2016, the complainants wrote an email wherein they requested the respondent to share pictures of

the project to highlight the progress. The respondent sent a reply on 05.05.2016 to the email of the complainants. The respondent misrepresented that the work of tower B where the flat of the complainants are located is almost done.

11. It is submitted that the respondent had not offered possession even after 2 years from the enquiry and never received any update from the respondent on the progress of the project. After the last enquiry via email, the complainants enquired many times about the status with the representatives however, he was not given any satisfactory response. In absence of any confirmation, the complainants again sent email on 17.04.2018 requesting for updated pics of the Tower B for current status. The respondent replied to the email informing that the finishing work in the said tower is in progress. The relevant portion of the reply received from the respondent is reproduced below:

"With reference to the concern raised by you, we would like to update you that the finishing work in the said tower is in progress. Kindly be informed that the RERA registration no. has already been received against the said tower along with Occupancy Certificate for tower A, E, F. We are progressing as team towards possession of towers in Enigma. We look forward to deliver your dream house at the earliest and your cooperation in this regard will be highly solicited."

12. That the complainants had not received any further communication/ possession offer from the respondent and in absence of any updates, the complainants again sent an email on 20.12.2018 enquiring about the status of the tower B. However, the respondent didn't give any estimated time for possession.

13. That the respondent failed to hand over the possession of the apartment even after 6 months from the 20.12.2018 and never communicated any expected date of possession to the complainant. In absence of any updates, the complainants again sent an email on 26.07.2019 whereby the complainants requested the completion and OC status from the respondent. The respondent replied to the said email simply informing the construction/finishing work of the said tower is in full swing. The complainants further sent an email on 03.10.2019 regarding status however, the respondent never responded to such email.
14. It is pertinent to mention that the complainants have been following up with respondent about the status of the project since 2016; however, the respondent has not given any expected date by which the possession will be handed over. In all their replies, the respondent has stated that the construction/finishing working is in full swing. But they remain quite on the expected date of possession. That as per their status update on 05.05.2016, most of the work related to the tower B was complete and very few work needed to be complete and going by that construction update by the respondent, the possession would have been offered within 5-6 months i.e. by end of 2016. However, the construction is yet to be completed even after more than 3 years from the said update.
15. It is submitted that the actual date for offering possession was 31.01.2015 as per the clause 21 of the agreement however possession was not offered even to date i.e. even after delay of 5

years. Also, in all these years, the respondent has not given any expected date of possession to the complainants.

C. Relief sought by the complainants:

16. The complainants have sought following relief:
- (a) Direct the respondent to deliver immediate possession of the flat along with all the promised amenities and facilities and to the satisfaction of the complainants; and
 - (b) Direct the respondent to pay delay interest @18% per annum on the amount paid by the complainants from the promised date of delivery till the actual delivery.
17. On the date of hearing, the authority explained to the respondent/promoter about the contravention as alleged to have been committed in relation to section 11(4)(a) of the Act to plead guilty or not to plead guilty.

D. Reply by the respondent:

18. It is submitted that as per the terms of the agreement, it was specifically agreed that in the eventuality of any dispute, if any, with respect to the subject transferred unit, the same shall be adjudicated through the arbitration mechanism as detailed therein.

Clause no. 49 is being reproduced hereunder:

"Clause 49: All or any dispute arising out or touching upon or in relation to the terms of this Application and/or Flat Buyers agreement including the interpretation and validity of the terms thereof and the rights and obligations of the parties shall be settled amicably by mutual discussion failing which

the same shall be settled through Arbitration The arbitration shall be governed by Arbitration and Conciliation Act, 1996 or any statutory amendments/ modifications thereof for the time being in force.....”

Thus, in view of above Section 49 of FBA, it is humbly submitted that, the dispute, if any, between the parties are to be referred to arbitration. Further the present complaint is liable to be dismissed on the same ground.

19. It is respectfully submitted that the relationship between the complainants and the respondent is governed by the document dated 31.01.2012 executed between them i.e. It is pertinent to mention herein that the instant complaint of the complainants are further falsifying her claim from the very fact that, the complainants have filed the instant claim on the alleged delay in delivery of possession of the provisionally booked unit however the complainants with malafide intention have not disclosed, infact concealed the material fact from the Hon'ble authority that the complainants have been a willful defaulter since the beginning
20. That a bare perusal of clause 22 of the agreement would make it evident that in the event of the respondent failing to offer possession within the proposed timelines, then in such a scenario, the respondent would pay a penalty of Rs.5/- per sq. ft. per month as compensation for the period of such delay. The prayer of the complainants are completely contrary to the terms of the inter-se agreement between the parties. The said agreement fully envisages delay and provides for consequences thereof in the form of compensation to the complainants. Under clause 22 of the

agreement, the respondent is liable to pay compensation at the rate of Rs.5/- per sq. ft. per month for delay beyond the proposed timeline. The respondent craves leave of this hon'ble authority to refer & rely upon the clause 22 of FBA, which is being reproduced hereunder for ready reference:

"Clause 22 in the eventuality of developer failing to offer the possession of the unit to the buyers within the time as stipulated herein, except for the delay attributable to the buyer/force majeure / vis- majeure conditions, the developer shall pay to the buyer penalty of Rs. 5/- (rupees five only) per square feet (of super area) per month for the period of delay. The date of submitting application to the concerned authorities for issue of completion / part completion/ occupancy/ part occupancy certificate of the complex shall be treated as the date of completion of the unit for the purpose of his Clause / Agreement."

21. It is submitted that the present complaint is not maintainable, and the period of delivery as defined in clause 21 of FBA is not sacrosanct as in the said clause it is clearly stated that "the developer shall endeavor to complete the construction of the said building/unit" within the stipulated time. Clause 21 of the said agreement has been given a selective reading by the complainant even though he conveniently relies on same. The clause reads:

"The developer shall endeavor to complete the construction of the said building/unit within a period of three years, with a six months grace period thereon from the date of execution of these Flat Buyer' Agreement subject to timely payment by the Buyer(s) of Total Sale Price payable according to the Payment Plan applicable to his or as demanded by the Developer..."

The reading of the said clause clearly shows that the delivery of the unit / apartment in question was subject to timely payment of the installments towards the basic sale price. As shown in the

preceding paras the complainants have failed in observing his part of liability of the said clause.

22. It is stated that it is a universally known fact that due to adverse market conditions viz. delay due to reinitiating of the existing work orders under GST regime, by virtue of which all the bills of contractors were held between, delay due to the directions by the hon'ble supreme court and National Green Tribunal whereby the construction activities were stopped, Non-availability of the water required for the construction of the project work & non-availability of drinking water for labour due to process change from issuance of HUDA slips for the water to totally online process with the formation of GMDA, shortage of labour, raw materials etc., which continued for around 22 months, starting from February'2015.
23. Further, as per the license to develop the project, EDCs were paid to the state government and the state government in lieu of the EDCs was supposed to lay the whole infrastructure in the licensed area for providing the basic amenities such as drinking water, sewerage, drainage including storm water line, roads etc. That the state government terribly failed to provide the basic amenities due to which the construction progress of the project was badly hit.
24. Furthermore, the Ministry of Environment and Forest (hereinafter referred to as the "MoEF") and the Ministry of Mines (hereinafter referred to as the "MoM") had imposed certain restrictions which resulted in a drastic reduction in the availability of bricks and availability of kiln which is the most basic ingredient in the

construction activity. The MoEF restricted the excavation of top soil for the manufacture of bricks and further directed that no manufacturing of clay bricks or tiles or blocks can be done within a radius of 50 (fifty) kilometres from coal and lignite based thermal power plants without mixing at least 25% of ash with soil. The shortage of bricks in the region and the resultant non-availability of raw materials required in the construction of the project also affected the timely schedule of construction of the project.

25. That in view of the ruling by the Hon'ble Apex Court directing for suspension of all the mining operations in the Aravalli hill range in State of Haryana within the area of approx. 448 sq. kms in the district of Faridabad and Gurgaon including Mewat which led to a situation of scarcity of the sand and other materials which derived from the stone crushing activities, which directly affected the construction schedules and activities of the project.
26. Apart from the above, the following circumstances also contributed to the delay in timely completion of the project:
 - a) That commonwealth games were organized in Delhi in October 2010. Due to this mega event, construction of several big projects including the construction of commonwealth games village took place in 2009 and onwards in Delhi and NCR region. This led to an extreme shortage of labour in the NCR region as most of the labour force got employed in said projects required for the commonwealth games. Moreover, during the commonwealth games the labour/workers were forced to leave the NCR region for

security reasons. This also led to immense shortage of labour force in the NCR region. This drastically affected the availability of labour in the NCR region which had a ripple effect and hampered the development of this complex.

b) Moreover, due to active implementation of social schemes like National Rural Employment Guarantee Act and Jawaharlal Nehru National Urban Renewal Mission, there was a sudden shortage of labour/workforce in the real estate market as the available labour preferred to return to their respective states due to guaranteed employment by the central /state government under NREGA and JNNURM schemes. This created a further shortage of labour force in the NCR region. Large numbers of real estate projects, including our project were struggling hard to timely cope up with their construction schedules. Also, even after successful completion of the commonwealth games, this shortage continued for a long period of time. The said fact can be substantiated by newspaper article elaborating on the above-mentioned issue of shortage of labour which was hampering the construction projects in the NCR region.

c) Further, due to slow pace of construction, a tremendous pressure was put on the contractors engaged to carry out various activities in the project due to which there was a dispute with the contractors resulting into foreclosure and termination of their contracts and we had to suffer huge losses which resulted in delayed timelines. That despite the best efforts, the ground realities hindered the progress of the project.

27. It is pertinent to mention that the project of the respondent i.e., Indiabulls Enigma, which is being developed in an area of around 19.856 acres of land, in which the complainants have invested its money is an on-going project and is registered under The Real Estate (Regulation and Development) Act, 2016. It is pertinent to note that the respondent has already completed the construction of the phase -1 and phase 1A comprising of Towers no. A, D, E, F, G, H, I and J of the project. It is pertinent to mention herein that by way of the registration, the subject Tower-C of the project of the respondent was initially granted till 30th September 2018, however, the respondent has already applied for the extension of the said registration for Tower C.
28. That based upon the past experiences the respondent has specifically mentioned all the above contingencies in the FBA executed between the parties and incorporated them in "Clause 39" which is being reproduced hereunder:

Clause 39: "The Buyer agrees that in case the Developer delays in delivery of the unit to the Buyer due to:-

- a. Earthquake, Floods, fire, tidal waves, and/or any act of God, or any other calamity beyond the control of developer.*
- b. War, riots, civil commotion, acts of terrorism.*
- c. Inability to procure or general shortage of energy, labour, equipment, facilities, materials or supplies, failure of transportation, strikes, lock outs, action of labour unions or other causes beyond the control of or unforeseen by the developer.*
- d. Any legislation, order or rule or regulation made or issued by the Govt or any other Authority or,*

- e. If any competent authority(ies) refuses, delays, withholds, denies the grant of necessary approvals for the Unit/Building or,*
- f. If any matters, issues relating to such approvals, permissions, notices, notifications by the competent authority(ies) become subject matter of any litigation before competent court or,*
- g. Due to any other force majeure or vis majeure conditions,*

Then the Developer shall be entitled to proportionate extension of time for completion of the said complex....."

In addition to the reasons as detailed above, there was a delay in sanctioning of the permissions and sanctions from the departments.

29. It is pertinent to mention herein that the agreement that has been referred to, for the purpose of getting the adjudication of the instant complaint i.e. the agreement dated 31.01.2012 executed much prior to coming into force of the Act of 2016 and the HA-RERA Rules, 2017. Further the adjudication of the instant complaint for the purpose of granting interest and compensation, as provided under Act of 2016 has to be in reference to the agreement for sale executed in terms of said Act and said Rules and no other agreement, whereas, the FBA being referred to or looked into in this proceedings is an agreement executed much before the commencement of Real Estate Regulatory Authority, hence, cannot be relied upon till such time the new agreement to sell is executed between the parties.
30. It is submitted that the Tower wherein the unit of the complainants are situated is in the advanced stage of completion and the

respondent is in process of applying occupational certificate for the same, subsequent to which the respondent would offer possession of units to its respective buyers including the complainants. It is submitted that the subject project in total consists of 10 Towers and the respondent has already received Occupation certificate of 8 of its Towers and has also handed over possession to major of its respective buyers, the Tower in which the flat of the complainants is situated is in the advanced stage of completion and the respondent is in process of applying occupational certificate for the same, subsequent to which the respondent would offer possession of units to its respective buyers including the complainants.

31. It is submitted that the complainants executed the agreement post understanding all the terms of the agreement and knowing their part of obligation under the said agreement. It is further wrong and denied the respondent has extort money from the complainants as alleged in the instant complaint. the respondent being a customer-oriented company has always made sure to address the queries of its customers as and when raised.
32. 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.

E. Jurisdiction of the authority

33. The plea of the respondent regarding rejection of complaint on ground of jurisdiction stands rejected. The authority observes that

it has territorial as well as subject matter jurisdiction to adjudicate the present complaint for the reasons given below.

E. I Territorial jurisdiction

As per notification no. 1/92/2017-1TCP dated 14.12.2017 issued by Town and Country Planning Department, the jurisdiction of Real Estate Regulatory Authority, Gurugram shall be entire Gurugram District for all purpose with offices situated in Gurugram. In the present case, the project in question is situated within the planning area of Gurugram district. Therefore, this authority has complete territorial jurisdiction to deal with the present complaint.

E. II Subject matter jurisdiction

The authority has complete jurisdiction to decide the complaint regarding non-compliance of obligations by the promoter as per the provisions of section 11(4) (a) of the act of 2016 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 complainant is in breach of agreement for non-invocation of arbitration.

34. The respondent had raised an objection that the complainant has not invoked arbitration proceedings as per the provisions of flat buyer's agreement which contains provisions regarding initiation of arbitration proceedings in case of breach of agreement. The following clause has been incorporated w.r.t arbitration in the buyer's agreement:

"Clause 49: All or any dispute arising out or touching upon or in relation to the terms of this Application and/or Flat Buyers agreement including the interpretation and validity of the terms thereof and the rights and obligations of the parties shall be settled amicably by mutual discussion failing which the same shall be settled through Arbitration The arbitration shall be governed by Arbitration and Conciliation Act, 1996 or any statutory amendments/ modifications thereof for the time being in force. The venue of the arbitration shall be New Delhi and it shall be held by a sole arbitrator who shall be appointed by the Company and whose decision shall be final and binding upon the parties. The Applicant(s) hereby confirms that he/she shall have no objection to this appointment even if the person so appointed as the Arbitrator, is an employee or advocate of the company or is otherwise connected to the Company and the Applicant(s) confirms that notwithstanding such relationship / connection, the Applicant(s) shall have no doubts as to the independence or impartiality of the said Arbitrator. The courts in New Delhi alone shall have the jurisdiction over the disputes arising out of the Application/Apartment Buyers Agreement"

35. The respondent contended that as per the terms & conditions of the application form duly executed between the parties, it was specifically agreed that in the eventuality of any dispute, if any, with respect to the provisional booked unit by the complainant, the same shall be adjudicated through arbitration mechanism. The authority is of the opinion that the jurisdiction of the authority cannot be fettered by the existence of an arbitration clause in the buyer's agreement as it may be noted that section 79 of the Act bars the jurisdiction of civil courts about any matter which falls within the purview of this authority, or the Real Estate Appellate Tribunal. Thus, the intention to render such disputes as non-arbitrable seems to be clear. Also, section 88 of the Act says that the provisions of this Act shall be in addition to and not in derogation of the provisions of any other law for the time being in force. Further, the authority puts reliance on catena of judgments of the Hon'ble

Supreme Court, particularly in *National Seeds Corporation Limited v. M. Madhusudhan Reddy & Anr. (2012) 2 SCC 506*, wherein it has been held that the remedies provided under the Consumer Protection Act are in addition to and not in derogation of the other laws in force, consequently the authority would not be bound to refer parties to arbitration even if the agreement between the parties had an arbitration clause. Further, in *Aftab Singh and ors. v. Emaar MGF Land Ltd and ors., Consumer case no. 701 of 2015 decided on 13.07.2017*, the National Consumer Disputes Redressal Commission, New Delhi (NCDRC) has held that the arbitration clause in agreements between the complainants and builders could not circumscribe the jurisdiction of a consumer. The relevant paras are reproduced below:

"49. Support to the above view is also lent by Section 79 of the recently enacted Real Estate (Regulation and Development) Act, 2016 (for short "the Real Estate Act"). Section 79 of the said Act reads as follows:-

"79. Bar of jurisdiction - No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Authority or the adjudicating officer or the Appellate Tribunal is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act."

It can thus, be seen that the said provision expressly ousts the jurisdiction of the Civil Court in respect of any matter which the Real Estate Regulatory Authority, established under Sub-section (1) of Section 20 or the Adjudicating Officer, appointed under Sub-section (1) of Section 71 or the Real Estate Appellate Tribunal established under Section 43 of the Real Estate Act, is empowered to determine. Hence, in view of the binding dictum of the Hon'ble Supreme Court in *A. Ayyaswamy (supra)*, the matters/disputes, which the Authorities under the Real Estate Act are empowered to decide, are non-arbitrable, notwithstanding an Arbitration Agreement between the parties to such matters, which, to a large extent, are similar to the disputes falling for resolution under the Consumer Act.

56. Consequently, we unhesitatingly reject the arguments on behalf of the Builder and hold that an Arbitration Clause in the afore-stated kind of Agreements between the Complainants and the Builder cannot circumscribe the jurisdiction of a Consumer Fora, notwithstanding the amendments made to Section 8 of the Arbitration Act."

36. While considering the issue of maintainability of a complaint before a consumer forum/commission in the fact of an existing arbitration clause in the builder buyer agreement, the Hon'ble Supreme Court - **in case titled as M/s Emaar MGF Land Ltd. V. Aftab Singh in revision petition no. 2629-30/2018 in civil appeal no. 23512-23513 of 2017 decided on 10.12.2018** has upheld the aforesaid judgement of NCDRC and as provided in Article 141 of the Constitution of India, the law declared by the Supreme Court shall be binding on all courts within the territory of India and accordingly, the authority is bound by the aforesaid view. The relevant para of the judgement passed by the Supreme Court is reproduced below:

"25. This Court in the series of judgments as noticed above considered the provisions of Consumer Protection Act, 1986 as well as Arbitration Act, 1996 and laid down that complaint under Consumer Protection Act being a special remedy, despite there being an arbitration agreement the proceedings before Consumer Forum have to go on and no error committed by Consumer Forum on rejecting the application. There is reason for not interjecting proceedings under Consumer Protection Act on the strength an arbitration agreement by Act, 1996. The remedy under Consumer Protection Act is a remedy provided to a consumer when there is a defect in any goods or services. The complaint means any allegation in writing made by a complainant has also been explained in Section 2(c) of the Act. The remedy under the Consumer Protection Act is confined to complaint by consumer as defined under the Act for defect or deficiencies caused by a service provider, the cheap and a quick remedy has been provided to the consumer which is the object and purpose of the Act as noticed above."

37. Therefore, in view of the above judgements and considering the provisions of the Act, the authority is of the view that complainant

is well within their rights to seek a special remedy available in a beneficial Act such as the Consumer Protection Act, 1986 and Act of 2016 instead of going in for an arbitration. Hence, we have no hesitation in holding that this authority has the requisite jurisdiction to entertain the complaint and that the dispute does not require to be referred to arbitration necessarily.

F2. Objection regarding delay due to force majeure

The respondent-promoter has sought further extension for a period of 6 months after the expiry of 3 years for unforeseen delays in respect of the said project. The respondent raised the contention that the construction of the project was delayed due to force majeure conditions such as commonwealth games held in Delhi in October 2010, shortage of labour due to implementation of various social schemes by Government of India, slow pace of construction due to a dispute with the contractor but all the pleas advanced in this regard are devoid of merit. First of all the unit in question was booked in the year 2011 and its possession was to be offered by 30.01.2015 so the events taking place such as holding of commonwealth games, dispute with the contractor, etc. do not have any impact on the project being developed by the respondent. Though some allottees may not be regular in paying the amount due but whether the interest of all the stakeholders concerned with the said project be put on hold due to fault of minor or major group of defaulters. Thus, the promoter respondent cannot be given any leniency on based of aforesaid reasons and it is well settled principle that a person cannot take benefit of his own wrong.

G. Findings regarding relief sought by the complainants.

Relief sought by the complainants: Direct the respondent to make the payment of delay on the amount already paid by the complainants to the respondent, from the date of delivery of the flat till the actual delivery of the flat to the complainants.

G.1 Admissibility of delay possession charges

38. In the present complaint, the complainants intend to continue with the project and is 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

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

39. As per clause 21 of the apartment buyer's agreement dated 31.01.2012, the possession of the subject unit was to be handed over by of 31.01.2015 plus 6 months of grace period i.e 31.07.2015 At the outset, it is relevant to comment on the preset possession clause of the agreement wherein the possession has been subjected to all kinds of terms and conditions of this agreement and the complainants 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 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. Clause 21 of the apartment buyer agreement (in short, agreement) provides for handover possession and is reproduced below:

As per clause 21 : The Developer shall endeavor to complete the construction of the said building /Unit within a period of three years, with a six months grace period thereon from the date of execution of the Flat Buyers Agreement subject to timely payment by the Buyer(s) of Total Sale Price payable according to the Payment Plan applicable to him or as demanded by the Developer. The Developer on completion of the construction /development shall issue final call notice to the Buyer, who shall within 60 days thereof, remit all dues and take possession of the Unit.

40. The apartment buyer's agreement is a pivotal legal document which should ensure that the rights and liabilities of both builders/promoters and buyers/allottee are protected candidly. The apartment buyer's agreement lays down the terms that govern the sale of different kinds of properties like residential, commercials etc. between the buyer and builder. It is in the interest of both the parties to have a well-drafted apartment buyer's agreement which would thereby protect the rights of both the builder and buyer in the unfortunate event of a dispute that may arise. It should be drafted in the simple and unambiguous language which may be understood by a common man with an ordinary educational background. It should contain a provision with regard to stipulated time of delivery of possession of the apartment, plot or building, as the case may be and the right of the buyer/allottee

in case of delay in possession of the unit. In pre-RERA period it was a general practice among the promoters/developers to invariably draft the terms of the apartment buyer's agreement in a manner that benefited only the promoters/developers. It had arbitrary, unilateral, and unclear clauses that either blatantly favoured the promoters/developers or gave them the benefit of doubt because of the total absence of clarity over the matter.

41. The authority has gone through the possession clause of the agreement. At the outset, it is relevant to comment on the pre-set possession clause of the agreement wherein the possession has been subjected to all kinds of terms and conditions of this agreement and the complainants not being in default under any provisions of this agreements and in 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 apartment buyer's agreement by the promoter is just to evade the liability towards timely delivery of subject unit and to deprive the allottee of his right accruing after delay in possession. This is just to comment as to how the builder has misused his dominant position and drafted such mischievous

clause in the agreement and the allottee is left with no option but to sign on the dotted lines.

42. **Admissibility of grace period:** The respondent promoter has proposed to complete the construction of the said building/ unit within a period of 3 years, with six months grace period thereon from the date of execution of the flat buyer's agreement. In the present case, the promoter is seeking 6 months' time as grace period. The said period of 6 months is allowed to the promoter for the exigencies beyond the control of the promoter. Therefore, the due date of possession comes out to be 31.07.2015.
43. **Admissibility of delay possession charges at prescribed rate of interest:** The complainants are seeking delay possession charges however, proviso to section 18 provides that where an allottee does not intend to withdraw from the project, he shall be paid, by the promoter, interest for every month of delay, till the handing over of possession, at such rate as may be prescribed and it has been prescribed under rule 15 of the rules. Rule 15 has been reproduced as under:

Rule 15. Prescribed rate of interest- [Proviso to section 12, section 18 and sub-section (4) and subsection (7) of section 19]

(1) For the purpose of proviso to section 12; section 18; and sub-sections (4) and (7) of section 19, the "interest at the rate prescribed" shall be the State Bank of India highest marginal cost of lending rate +2%.

Provided that in case the State Bank of India marginal cost of lending rate (MCLR) is not in use, it shall be replaced by such benchmark lending rates which the State Bank of India may fix from time to time for lending to the general public.

44. 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.
45. 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., 20.07.2021 is @ 7.30%. Accordingly, the prescribed rate of interest will be marginal cost of lending rate +2% i.e., 9.30%.
46. 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;"*

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.

47. On consideration of the circumstances, the evidence and other record and submissions made by the complainants and the respondent and based on the findings of the authority regarding contravention as per provisions of Act, the authority is satisfied that the respondent is in contravention of the provisions of the Act. By virtue of clause 21 of the buyer's agreement executed between the parties on 30.01.2012, possession of the booked unit was to be delivered within a period of 3 years from the date of execution of the agreement with a grace period of 6 months,, which comes out to be 31.07.2015

Accordingly, the non-compliance of the mandate contained in section 11 (4)(a) of the act on the part of the respondent is established. As such the complainants are entitled for delayed possession charges @9.30% p.a. w.e.f. from due date of possession i.e. 31.07.2015 till handing over of possession as per section 18(1) of the Act of 2016 read with rule 15 of the rules.


H. Directions of the authority

48. Hence, the authority hereby passes this order and issue the following directions under section 37 of the Act to ensure compliance of obligation cast upon the promoter as per the function entrusted to the authority under section 34(f) of the Act of 2016:

- i. The respondent shall pay interest at the prescribed rate i.e. 9.30% per annum for every month of delay on the amount paid by the complainants from due date of possession i.e. 31.07.2015 till handing over of possession as per section 18(1) of the act of 2016 read with rule 15 of the rules.
- ii. The respondent is directed to pay arrears of interest accrued within 90 days from the date of order and thereafter monthly payment of interest to be paid till date of handing over of possession shall be paid on or before the 10th of each succeeding month;
- iii. The complainants are directed to pay outstanding dues, if any, after adjustment of interest for the delayed period.
- iv. The rate of interest chargeable from the allottee 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 allottee, in case of default i.e., the delayed possession charges as per section 2(za) of the Act.
- v. The respondent shall not charge anything from the complainants which is not the part of buyer's agreement. The respondent is not entitled to charge holding charges from the complainants/allottees at any point of time even after being part of the builder buyer's agreement as per law settled by Hon'ble Supreme Court in civil appeal nos. 3864-3889/2020 on 14.12.2020

49. Complaint stands disposed of.

50. File be consigned to registry.


(Samir Kumar)

Member

Haryana Real Estate Regulatory Authority, Gurugram


(Vijay Kumar Goyal)

Member

Dated:20.07.2021

Judgement uploaded on 18.10.2021.



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