

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

Complaint no.	:	1685 of 2021
First date of hearing:		04.05.2021
Date of decision	:	20.07.2021

Deepak Gupta Education Trust <b>Both RR/o:</b> M-78, Connaught Circus, Connaught Place, Opp. Fire Station, New Delhi - 110001		<b>Complainant</b>
Versus		
Athena Infrastructure limited <b>Regd. office:</b> M-62 & 63, 1 <sup>st</sup> floor, Connaught Place, New Delhi-110001		<b>Respondent</b>
<b>CORAM:</b>		
Shri Samir Kumar		<b>Member</b>
Shri Vijay Kumar Goyal		<b>Member</b>
<b>APPEARANCE:</b>		
Shri. Pawan Kumar Ray		Advocate for the complainant
Shri. Rahul Yadav		Advocate for the respondent

**ORDER**

1. The present complaint dated 25.03.2021 has been filed by the complainant/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 complainant, 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	<b>Registered vide no.</b> 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 iii. 353 of 2017 dated 20.11.2017 valid till 31.03.2018 iv. 346 of 2017 dated 08.11.2017 valid till 31.08.2018
6.	Date of execution of flat buyer's agreement	<b>02.08.2011</b> (As per page 60 of the complaint)

	between original allottee and respondent	
7.	Endorsement of subject unit	<b>06.09.2013</b> (As per page 84 of the complaint)
8.	Unit no.	C-082, 8 <sup>th</sup> floor, Tower/Block C (As on page 64 of the complaint)
9.	Super Area	3400 sq. Ft.
10.	Payment plan	Construction linked payment plan (As per page 79 of the complaint)
11.	Basic sale price	Rs. 1,72,59,998/- (As per page 64 of the complaint)
12.	Total amount paid by the complainant	Rs. 1,95,85,165/- (As alleged by the complainant on page 9 of complaint)
13.	Due date of delivery of possession <i>(As per clause 21 of the agreement: The Developer shall endeavour 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)</i>	02.02.2015  <b>(Grace period of 6 months is allowed)</b>
14.	Offer of possession	Not offered
15.	Occupation Certificate	Not received for Tower C.

6. That the complainant was looking for a flat and met the original allottee. Thus, original allottee sold the unit to the complainant. The complainant further informed the same to the respondent and the original allottee provided the relevant documents to the allottee and requested the transfer of the unit in the name of the complainant.
7. That in pursuant to the receipt of such documents and request of transfer of name, the respondent transferred the said unit and recorded the name of the complainant as the allottee/owner of the unit in their records. Also, the respondent issued a letter dated 06.09.2013 to the complainant informing the transfer of unit no. C082 in Enigma is complete. Also, the flat buyer's agreement and all the receipts issued to the original allottee were endorsed and assigned in favour of the complainant M/s Deepak Gupta Education Trust with effect from 06.09.2013.
8. That the agreement drawn by the respondent company in respect of the said unit is unfair, arbitrary and one-sided with all the provisions favouring the respondent and nothing for the buyers. The buyers were denied fair scope of compensation, in case of delay of possession but on contrary complainant was supposed to pay heavy penalty in case of delay in payment of installments.
9. The arbitrary and unfairness of the flat buyer agreement can be derived from the clauses 10, 11 and 22. 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 complainant was entitled to get compensation @ Rs. 5/ per sq. ft. every month of delay beyond 36+6 months. The clause 10, 11. and 22 of the flat buyer's agreement are reproduced below:

*"10. Timely payment of the installments / amounts due shall be of the essence of this Agreement. If payment is not made within the period stipulated and or the thyer commits breach of any of the terms and conditions of this Agreement, then this Agreement shall be liable to be cancelled. In the eventuality of cancellation, earnest money being 15% of the Basic Selling Price would be forfeited and the balance. If any would be refundable without interest. On cancellation of the Agreement, the Buyer shall also be liable to reimburse to the Developer the amount of brokerage paid, if any, by the Developer towards the booking of the Unit in any case, all the dues, whatsoever. including interest, if any, shall be payable before taking possession of the unit*

*11. In exceptional circumstances, the Developer may, in its sole discretion, condone the delay in payment by charging interest at the rate of 18% per annum, compounded quarterly on the amounts in default. In the event of the Developer waiving the right of forfeiture and accepting payment with interest from buyer of any other unit, no right, whatsoever, would accrue to the Buyer.*

*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 ft (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 certificate of t Complex, shall be treated as the date of completion of the Unit for the purpose of this clause/agreement."*

10. As per the possession clause 21 of the flat buyer's agreement dated 02.08.2011; the possession of the apartment was to be delivered within 36 months from the date of execution of the buyer's agreement with a grace period of 6 months. The agreement was executed on 02.08.2011

and therefore, the respondent company was supposed to hand over the possession with grace period by 02.02.2015.

11. That till date the complainant has made a total payment of Rs. 1,94,85,165/-. On 11.03.2016, the respondent issued a demand letter whereby the respondent demanded outstanding amount of Rs.15,100/- from the complainant. In the said letter, the respondent as acknowledged that out of Rs. 1,95,00,265/, the complainant had paid Rs. 1,94,85,165/- and only Rs. 15,100/- is outstanding.
12. That the respondent company failed to offer possession within the prescribed limit of 02.08.2014. The respondent even failed to deliver the possession till today i.e. after more than 6 years. Also, in all these years, the respondent has not informed about the any force majeure circumstances which has led to the delay of the 6 years. Also, the respondent has not given any expected date of possession to the complainant. Thus, in the present the circumstances, the complainant is left with no other option to the present complaint for granting them the immediate possession of the apartment along with compensation for the delay caused herein.
13. That the complainant wishes to submit that the provisions of the flat buyer's agreement in relation to the compensation were unilaterally drafted and fixed by the respondent company and should not be read in or given emphasis on while deciding the amount of compensation for the complainant. The compensations should be decided as per the provisions of the Act of 2016.
14. That the unilateral and one-sided agreement is often been criticized and set aside by the Hon'ble Apex Court and other tribunals and the

commissions in the country and are considered abuse of dominant position and an act of unfair trade practice by the developers. In the case of ***Pioneer Urban Land and Infrastructure Limited versus Govindan Raghavan bearing Civil Appeal no. 12238/2018***, the Hon'ble Apex Court after going through one such one sided agreement had held as follows:

*"6.7 A term of a contract will not be final and binding if it is shown that the flat purchasers had no option but to sign on the dotted line, on a contract framed by the builder. The contractual terms of the agreement dated 08.05.2012 are ex-facie one-sided, unfair and unreasonable. The incorporation of such one-sided clauses in an agreement constitutes an unfair trade practice as per section 2(r) of the Consumer Protection Act, 1986 since it adopts unfair methods or practice for the purpose of selling the flats by the Builder."*

15. Also, The Law Commission of India in its **199<sup>th</sup> report**, addressed the issue of 'Unfair (Procedure & Substantive) Terms in Contract'. The Law Commission inter-alia recommended that legislation be enacted to counter such unfair terms in contracts. In the draft legislation provided in the report, it was stated that: -

*"A contract or a term thereof is substantively unfair if such contract or the term therefrom is in itself harsh, oppressive or unconscionable to one of the parties."*

16. That in view of the above mentioned facts and circumstances it is only appropriate that this hon'ble authority may be pleased to hold that the respondent has failed to deliver the possession of the unit to the complainant within the assured and promised time frame of 02.08.2014 and this hon'ble authority may direct the respondents to deliver/hand over the immediate peaceful possession of the flat complete in all aspect to the complainant and with all the amenities and facilities as promised and charged for.

17. That in view of the above mentioned facts and circumstances it is only appropriate that this hon'ble authority may direct the respondent to pay delay interest on the amount paid for the flat @18% per annum, from the promised date of delivery of 02.08.2014 till the actual physical possession is offered to the complainant after obtaining valid OC/CC, during the pendency of this complaint.

**C. Relief sought by the complainant:**

18. The complainant has sought following relief:

- i. Direct the respondent to deliver immediate possession of the flat along with all the promised amenities and facilities and to the satisfaction of the complainant.
- ii. Direct the respondent to pay interest @ 18% per annum on the amount paid by the complainant as per the prescribed rate of interest from the promised date of delivery of possession till the actual delivery of possession.

19. 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. Written Synopsis by the respondent:**

20. That written synopsis should be considered in addition to the 'Written reply' already filed earlier by the respondent. It is settled law that a subsequent allottee who has entered the transaction substantially after the original allottee, cannot claim the same rights in relation to delay as the original allottee. The Hon'ble Supreme Court in the leading case of *HUDA v Raje Ram (2008) 27 SCC 407* as well as the recent case of *Wg.*



***Cdr. Arifur Rahman Khan & Ors v DLF Southern Homes Pvt. Ltd. civil appeal No. 6239 of 2019***, has clearly set out the difference between an original allottee and a subsequent allottee in relation to delay. The respondent seeks to rely upon para 38 of the judgment in ***Wg. Cdr. Arifur Rahman Khan & Ors v DLF Southern Homes Pvt. Ltd. (supra)***, which is extracted hereunder:

*"38.....The written submissions which have been filed before this Court indicate that "the two buyers stepped into the shoes of the first buyers" as a result of the assignment of rights and liabilities by the first buyer in favour of the second buyer. In HUDA v. Raje Ram, this Court while holding that a claim of compensation for delayed possession by subsequent transferees is unsustainable, observed that:*

*Respondents in the three appeals are not the original allottees. They are re-allottees to whom re-allotment was made by the appellant in the years 1994, 1997 and 1996 respectively. They were aware, when the plots were reallocated to them, that there was delay (either in forming the layout itself or delay in delivering the allotted plot on account of encroachment etc). In spite of it, they took re-allotment. Their cases cannot be compared to cases of original allottees who were made to wait for a decade or more for delivery and thus put to mental agony and harassment. They were aware that time for performance was not stipulated as the essence of the contract and the original allottees had accepted the delay."*

21. Even if the three appellants who had transferred their interest in the apartments had continued to agitate on the issue of delay of possession, we are not inclined to accept the submission that the subsequent transferees can step into the shoes of the original buyer for the purpose of benefiting from this order. The subsequent transferees in spite of being aware of the delay in delivery of possession the flats, had purchased the interest in the apartments from the original buyers. Further, it cannot be said that the subsequent transferees suffered any agony and harassment comparable to that of the first buyers, as a result of the delay in the delivery of possession in order to be entitled to compensation."

22. In both the cases of *HUDA v Raje Ram (supra) & Wg. Cdr. Arifur Rahman*, the subsequent allottees were claiming compensation for delay on basis of transaction entered by the original allottees. The counsel for the complainant sought to distinguish the aforesaid judgments on basis of facts of the said cases. It is humbly submitted that the respondent is seeking to rely upon the principle difference between the rights in relation to delay between the original and the subsequent allottee, which difference is clearly set out in the aforesaid judgments of the Hon'ble Supreme Court. The individual facts are not relevant to the legal principle laid down by the Hon'ble supreme court.
23. It needs to be appreciated that in the present case, the difference in time between the transaction with the original allottee and the subsequent allottee was not an insignificant difference in time considering that the overall time of performance under the agreement with the original allottee was 3 years plus 6 months grace, then the fact that the subsequent allottee entered the transaction almost 7 years after the original allottee is not insignificant but is in fact a material fact. Also, it is relevant that the complainant purchased the unit from the original allottee after due inspection of the project site and being aware of the constructing stage of the project and voluntarily requested for transfer of the unit on her own name, the difference in rights between the original allottee and subsequent allottee becomes even more apparent.
24. As to the date from which delay should be computed in the case of a subsequent allottee, the respondent seeks to rely upon the most recent judgment of this Hon'ble Commission, in the case of *Capital Greens Flats Buyers Association v DLF Universal Ltd. CC/351/2015*, which was passed on 03.01.2020. In case of subsequent purchasers, the period

expected for the delivery of possession will be computed from the date of purchase by them. This judgment of this Hon'ble Commission in relation to the aforesaid finding was not interfered with by the Hon'ble Supreme Court in its judgment dated 14.12.2020 in *DLF Home Developers Ltd. (Earlier Known as DLF Universal Ltd) & Anr v Capital Greens Flats Buyers Association Civil Appeal Nos 3864-3889 of 2020*.

25. Therefore, applying the aforesaid judgment to the present case, the period of 3 years plus 6 months grace would have to be computed from the date of purchase by the subsequent allottee, i.e., from 06.09.2013 and would come to 06.03.2017, as such delay if any to be calculated from 06.03.2017.

**E. Reply by the respondent:**

26. That the complainant in the present complaint is not the original allottee of the subject unit and purchased the flat in question from its original allottee i.e. Mr. Gurcharan and got the provisional allotment of the subject unit transferred onto its own name by way of endorsement on 06.09.2013. It is pertinent to mention to mention that the complainant was well aware about the project and its construction status and voluntarily got the allotment of the subject unit transferred onto its name from the original allottee. The complainant with eyes wide open, took over the agreement from the original allottee, and accordingly, allotment of the subject unit was endorsed in favour of the complainant.
27. That the present compliant filed by the complainant is outside the preview of this authority as it looked into the financial viability of the project and its future monetary benefits and willingly got the subject unit transferred in its name with a sole purpose of investment and

monetary gains out of the said investment. It is submitted that the complainant is an educational trust who got the subject unit transferred from the original allottee for earning maximum commercial gains from the same.

28. That the relationship between the complainant and the respondent came into existence by way of document executed between them i.e. the endorsement sheet dated 06.09.2013. It is submitted that as per the endorsed agreement/ flat buyer's agreement duly executed between the complainant and the respondent, 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. 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 .....*"

29. Thus, in view of above section 49 of flat buyer's agreement, it is humbly submitted that, the dispute, if any, between the parties are to be referred to arbitration.

30. That the complainant has not come before the Hon'ble Authority with clean hands and has deliberately suppressed the material facts from the authority, that the complainant has filed a criminal complaint bearing no. 7193 of 2018 titled "Deepak Gupta Education Trust Vs. State & Others" in the year 2018, which is pending in Patiala House Courts, New Delhi. The complainant filed the said criminal complaint against the State, whereby impleaded the respondent, its directors/officials as a party in the complaint and further impleading other unrelated individuals in the said criminal complaint. Also, a criminal revision bearing no. CR152/2021 was filed by the complainant against the respondent and others is pending before District Court of Patiala House.
31. That the complainant purchased the subject unit from its original allottee with a speculative intent and a sole purpose of investment and monetary gains out of the said investment. It is further submitted that the complainant did its own market research and booked the subject unit on the basis of maximum commercial gains. Since there is a recession in the real estate market, the complainant is levying bald and baseless allegations against the respondent by way of the present complaint seeking exorbitant benefit.
32. That the complainant never intended to retain the subject unit for his own end use, the same is evident from the fact that the complainant vide its email dated 30.11.2016 shows his interest in transferring its provisional allotment to a third party namely Mr. Naveen Kapur, and also requested to share documentation for the said effect to which the respondent duly responded. It is further submitted that the complainant again vide its email dated 09.03.2017 informed the respondent that the transaction with respect to subject unit got delayed to some reason, and

the complainant again showed its interest to proceed with the said transfer formalities. It is pertinent to mention herein that the complainant who had purchased the subject unit from its original allottee having a speculative intent and to get monetary gains out of the said investment, was looking forward to sell the subject unit to a third buyer/ purchaser, however since the said transaction could not turn out to be fruitful for the complainant, and further owing to the sudden recession in the real estate market, the complainant started filing baseless and deceptive complaints against the respondent and its directors and officials, including other unrelated persons to seek exorbitant benefit from the respondent.

33. That the 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 aforesaid prayer is 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 complainant. 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 authority to refer & rely upon the clause 22 of flat buyer's agreement, which is being reproduced as:

*"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*

*....."*

34. That the complainant being aware, having knowledge and having given consent of the above-mentioned clause/terms of flat buyer's agreement, is now evading themselves from contractual obligations inter-alia from the truth of its existence and does not seem to be satisfied with the amount offered in lieu of delay. It is thus obvious that the complainant is also estopped from the duly executed contract between the parties.
35. It is submitted that the present complaint is not maintainable, and the period of delivery as defined in clause 21 of flat buyer's agreement is not sacrosanct as in the said clause it is clearly stated that "the developer shall endeavour 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 endeavour 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.."*
36. The reading of the said clause clearly shows that the delivery of the unit / apartment in question was subject to timely payment of the instalments towards the basic sale price. As shown in the preceding paras the complainant has failed in observing his part of liability of the said clause.
37. That the basis of the present complaint is that there is a delay in delivery of possession of the unit in question, and therefore, refund on the deposited amount has been claimed by virtue of the present complaint. It is further submitted that the flat buyer's agreement itself envisages

the scenario of delay and the compensation thereof. Therefore, the contention that the possession was to be delivered within 3 years and 6 months of execution of the flat buyer's agreement is based on a complete misreading of the agreement.

38. 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.
39. That 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.
40. That 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 topsoil 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.

41. 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.
42. 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.
- d) **Inability to undertake the construction for approx. 7-8 months due to Central Government's Notification about Demonetization:** The respondent had awarded the construction of

the project to one of the leading construction companies of India. The said contractor/ company could not implement the entire project for approx. 7-8 months w.e.f from 9-10 November 2016 the day when the central government issued notification about demonetization. During this period, the contractor could not make payment in cash to the labour. During demonetization, the cash withdrawal limit for companies was capped at Rs. 24,000 per week initially whereas cash payments to labour on the site of magnitude of the project in question is Rs. 3-4 lakhs approx. per day and the work at site got almost halted for 7-8 months as bulk of the labour being unpaid went to their hometowns, which resulted into shortage of labour. Hence the implementation of the project in question got delayed on account of the issues faced by contractor due to the said notification of central government. That the said event of demonetization was beyond the control of the respondent company, hence the time period for offer of possession should be deemed to be extended for 6 months on account of the above.

- e) **Orders passed by National Green Tribunal:** In last four successive years i.e. 2015-2016-2017-2018, Hon'ble National Green Tribunal has been passing orders to protect the environment of the country and especially the NCR region. The Hon'ble NGT had passed orders governing the entry and exit of vehicles in NCR region. Also, the hon'ble NGT has passed orders with regard to phasing out the 10-year-old diesel vehicles from NCR. The pollution levels of NCR region have been quite high for couple of years at the time of change in weather in November every year. The contractor of respondent could not undertake construction for 3-4 months in compliance of

the orders of hon'ble National Green Tribunal. Due to this, there was a delay of 3-4 months as labour went back to their hometowns, which resulted in shortage of labour in April -May 2015, November-December 2016 and November- December 2017. The district administration issued the requisite directions in this regard.

- f) In view of the above, construction work remained very badly affected for 6-12 months due to the above stated major events and conditions which were beyond the control of the respondent and the said period would also require to be added for calculating the delivery date of possession if any. Copy of press release of Environment Pollution (Prevention and Control) Authority (EPCA) for stopping of construction activity in 2018.
- g) **Non-payment of instalments by allottees:** Several other allottees were in default of the agreed payment plan, and the payment of construction linked instalments was delayed or not made resulting in badly impacting and delaying the implementation of the entire project.
- h) **Inclement weather conditions viz. Gurugram:** Due to heavy rainfall in Gurugram in the year 2016 and unfavourable weather conditions, all the construction activities were badly affected as the whole town was waterlogged and gridlocked as a result of which the implementation of the project in question was delayed for many weeks. Even various institutions were ordered to be shut down/closed for many days during that year due to adverse/severe weather conditions.

i) **Nationwide lockdown due to outbreak of COVID-19** : In view of the outbreak of COVID-19, the Government of India took various precautionary and preventive steps and issued various advisories, time to time, to curtail the spread of COVID 19 and declared a complete lockdown in India, commencing from 24th March, 2020 midnight thereby imposing several restrictions mainly non-supply of non-essential services during the lockdown period, due to which all the Construction work got badly effected across the country in compliance to the lockdown notification. Additionally, the spread of COVID 19 was even declared a 'Pandemic 'by World Health Organization on March 11, 2020, and COVID-19 got classified as a "Force Majeure" event, considering it a case of natural calamity i.e. circumstances to be beyond the human control, and being a force majeure period.

43. Further, the Haryana Real Estate Regulatory Authority Gurugram also vide its circular / notification bearing no. No.9/3-2020 HARERA/GGM (Admn), dated 25.05.2020 extended the completion date / revised completion date or extended completion date automatically by 6 months, due to outbreak of corona virus.

44. That 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 applicant has invested its money is an on-going project and is registered under The Real Estate (Regulation and Development) Act, 2016 and the respondent has already completed 95% construction of the alleged tower wherein the unit was booked by the complainant. It is further pertinent to mention that the respondent is in



process of obtaining Occupational Certificate for the same and shall handover the possession of units to its respective buyers post grant of Occupational Certificate from the concerned authority.

45. That based upon the past experiences the respondent has specifically mentioned all the above contingencies in the flat buyer's agreement 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....."*

46. In addition to the reasons as detailed above, there was a delay in sanctioning of the permissions and sanctions from the departments.
47. That the respondent also draws attention to Section 4(2)(1)(C) of The Act of 2016 which enables the developer / promoter to revise the date of completion of project and hand over possession. The provisions of RERA enables the promoter to give fresh timeline independent of the

time period stipulated in the agreements for sale entered between him and the allottees so that he is not visited with penal consequences laid down under RERA.

48. That the flat buyer's agreement has been referred to, for the purpose of getting the adjudication of the instant complaint i.e. the flat buyer agreement executed much prior to coming into force of the Act of 2016 and the rules of 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 flat buyer's agreement for sale executed in terms of said Act and said rules and no other agreement, whereas, the flat buyer's agreement being referred to or looked into in this proceedings is an agreement executed much before the commencement of RERA and such agreement as referred herein above. Hence, cannot be relied upon till such time the new agreement to sell is executed between the parties. Thus, in view of the submissions made above, no relief can be granted to the complainant.
49. That the respondent has made huge investments in obtaining requisite approvals and carrying on the construction and development of 'INDIABULLS ENIGMA' project not limiting to the expenses made on the advertising and marketing of the said project. Such development is being carried on by developer by investing all the monies that it has received from the buyers/ customers and through loans that it has raised from financial institutions. In spite of the fact that the real estate market has gone down badly the respondent has managed to carry on the work with certain delays caused due to various above mentioned reasons and the fact that on an average more than 50% of the buyers of the project have defaulted in making timely payments towards their outstanding dues,



resulting into inordinate delay in the construction activities, still the construction of the project "INDIABULLS ENIGMA" has never been stopped or abandoned and has now reached its pinnacle in comparison to other real estate developers/promoters who have started the project around similar time period and have abandoned the project due to such reasons.

50. That a bare perusal of the complaint will sufficiently elucidate that the complainant has miserably failed to make a case against the respondent and has merely alleged in its complaint about delay on part of the respondent in handing over of possession but have failed to substantiate the same. That the complainant has made false and baseless allegations with a mischievous intention to retract from the agreed terms and conditions duly agreed in flat buyer's agreement entered into between the parties.
51. 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 based on these undisputed documents.

#### **F. Jurisdiction of the authority**

52. The authority observes that it has territorial as well as subject matter jurisdiction to adjudicate the present complaint.

#### **F.1 Territorial jurisdiction**

53. 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.

## **F. II Subject matter jurisdiction**

54. 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 complainant at a later stage.

## **G. Findings on the objections raised by the respondent:**

### **G.I Objection regarding complainant is in breach of agreement for non-invocation of arbitration.**

55. The respondent has 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 .....*

56. 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 complainant 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 Appellant 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 Complainant and the Builder cannot circumscribe the jurisdiction of a Consumer Fora, notwithstanding the amendments made to Section 8 of the Arbitration Act."

57. 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."*

58. 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 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.

#### **G.II. Objection regarding delay due to force majeure**

59. The respondent-promoter raised the contention that the construction of the project was delayed due to force majeure conditions such as commonwealth games held in Delhi, 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, demonetisation, lockdown due to covid-19 various orders passed by NGT and weather conditions in Gurugram and non-payment of instalment by different allottees of the project but all the pleas advanced

in this regard are devoid of merit. The subject unit was endorsed in year 2013 and the events taking place such as holding of commonwealth games, dispute with the contractor, implementation of various schemes by central govt. 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 on hold due to fault of some of the allottees. 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.III Objection regarding jurisdiction of authority w.r.t. buyer's agreement executed prior to coming into force of the Act**

60. Another contention of the respondent is that authority is deprived of the jurisdiction to go into the interpretation of, or rights of the parties inter-se in accordance with the flat buyer's agreement executed between the parties and no agreement for sale as referred to under the provisions of the Act or the said rules has been executed inter se parties. The authority is of the view that the Act nowhere provides, nor can be so construed, that all previous agreements will be re-written after coming into force of the Act. Therefore, the provisions of the Act, rules and agreement have to be read and interpreted harmoniously. However, if the Act has provided for dealing with certain specific provisions/situation in a specific/particular manner, then that situation will be dealt with in accordance with the Act and the rules after the date of coming into force of the Act and the rules. Numerous provisions of the Act save the provisions of the agreements made between the buyers and sellers. The said contention has been upheld in the landmark judgment of

**Neelkamal Realtors Suburban Pvt. Ltd. Vs. UOI and others. (W.P 2737 of 2017)** which provides as under:

119. Under the provisions of Section 18, the delay in handing over the possession would be counted from the date mentioned in the agreement for sale entered into by the promoter and the allottee prior to its registration under RERA. Under the provisions of RERA, the promoter is given a facility to revise the date of completion of project and declare the same under Section 4. The RERA does not contemplate rewriting of contract between the flat purchaser and the promoter.....

122. We have already discussed that above stated provisions of the RERA are not retrospective in nature. They may to some extent be having a retroactive or quasi retroactive effect but then on that ground the validity of the provisions of RERA cannot be challenged. The Parliament is competent enough to legislate law having retrospective or retroactive effect. A law can be even framed to affect subsisting / existing contractual rights between the parties in the larger public interest. We do not have any doubt in our mind that the RERA has been framed in the larger public interest after a thorough study and discussion made at the highest level by the Standing Committee and Select Committee, which submitted its detailed reports."

61. Also, in appeal no. 173 of 2019 titled as **Magic Eye Developer Pvt. Ltd. Vs. Ishwer Singh Dahiya**, in order dated 17.12.2019 the Haryana Real Estate Appellate Tribunal has observed-

"34. Thus, keeping in view our aforesaid discussion, we are of the considered opinion that the provisions of the Act are quasi retroactive to some extent in operation and will be applicable to the agreements for sale entered into even prior to coming into operation of the Act where the transaction are still in the process of completion. Hence in case of delay in the offer/delivery of possession as per the terms and conditions of the agreement for sale the allottee shall be entitled to the interest/delayed possession charges on the reasonable rate of interest as provided in Rule 15 of the rules and one sided, unfair and unreasonable rate of compensation mentioned in the agreement for sale is liable to be ignored."

62. The agreements are sacrosanct save and except for the provisions which have been abrogated by the Act itself. Further, it is noted that the builder-buyer agreements have been executed in the manner that there is no scope left to the allottee to negotiate any of the clauses contained therein. Therefore, the authority is of the view that the charges payable

under various heads shall be payable as per the agreed terms and conditions of the agreement subject to the condition that the same are in accordance with the plans/permissions approved by the respective departments/competent authorities and are not in contravention of any other Act, rules, statutes, instructions, directions issued thereunder and are not unreasonable or exorbitant in nature.

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

63. The counsel for the respondent has stated that the respondent at the time of registration of the project gave revised date for completion of same and also completed the same before expiry of that period, therefore, under such circumstances the respondent is not liable to be visited with penal consequences as laid down under RERA. Therefore, next question of determination is whether the respondent is entitled to avail the time given to him by the authority at the time of registering the project under section 3 & 4 of the Act.
64. It is now settled law that the provisions of the Act and the rules are also applicable to ongoing project and the term ongoing project has been defined in rule 2(1)(o) of the rules. The new as well as the ongoing project are required to be registered under section 3 and section 4 of the Act.
65. Section 4(2)(I)(C) of the Act requires that while applying for registration of the real estate project, the promoter has to file a declaration under section 4(2)(I)(C) of the Act and the same is reproduced as under: -

*Section 4: - Application for registration of real estate projects*

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

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

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

66. The time period for handing over the possession is committed by the builder as per the relevant clause of flat buyer's agreement and the commitment of the promoter regarding handing over of possession of the unit is taken accordingly. The new timeline indicated in respect of ongoing project by the promoter while making an application for registration of the project does not change the commitment of the promoter to hand over the possession by the due date as per the apartment buyer agreement. The new timeline as indicated by the promoter in the declaration under section 4(2)(1)(C) is now the new timeline as indicated by him for the completion of the project. Although, penal proceedings shall not be initiated against the builder for not meeting the committed due date of possession but now, if the promoter fails to complete the project in declared timeline, then he is liable for penal proceedings. The due date of possession as per the agreement remains unchanged and promoter is liable for the consequences and obligations arising out of failure in handing over possession by the due date as committed by him in the apartment buyer agreement and he is liable for the delayed possession charges as provided in proviso to section 18(1) of the Act. The same issue has been dealt by hon'ble Bombay High Court in case titled as **Neelkamal Realtors Suburban Pvt. Ltd. and anr. vs Union of India and ors.** and has observed as under:





*"119. Under the provisions of Section 18, the delay in handing over the possession would be counted from the date mentioned in the agreement for sale entered into by the promoter and the allottee prior to its registration under RERA. Under the provisions of RERA, the promoter is given a facility to revise the date of completion of project and declare the same under Section 4. The RERA does not contemplate rewriting of contract between the flat purchaser and the promoter..."*

**G.V Objection regarding entitlement of DPC on ground of complainant being investor**

67. The respondent has taken a stand that the complainants are the investors and not consumers, therefore, they are not entitled to the protection of the Act and thereby not entitled to file the complaint under section 31 of the Act. The respondent also submitted that the preamble of the Act states that the Act is enacted to protect the interest of consumers of the real estate sector. The authority observed that the respondent is correct in stating that the Act is enacted to protect the interest of consumers of the real estate sector. It is settled principle of interpretation that preamble is an introduction of a statute and states main aims & objects of enacting a statute but at the same time preamble cannot be used to defeat the enacting provisions of the Act. Furthermore, it is pertinent to note that any aggrieved person can file a complaint against the promoter if the promoter contravenes or violates any provisions of the Act or rules or regulations made thereunder. Upon careful perusal of all the terms and conditions of the apartment buyer's agreement, it is revealed that the complainants are buyer and they have paid total price of Rs.39,25,862/- to the promoter towards purchase of an apartment in the project of the promoter. At this stage, it is important to stress upon the definition of term allottee under the Act, the same is reproduced below for ready reference:

68. "2(d) "allottee" in relation to a real estate project means the person to whom a plot, apartment or building, as the case may be, has been allotted, sold (whether as freehold or leasehold) or otherwise transferred by the promoter, and includes the person who subsequently acquires the said allotment through sale, transfer or otherwise but does not include a person to whom such plot, apartment or building, as the case may be, is given on rent;"
69. In view of above-mentioned definition of "allottee" as well as all the terms and conditions of the apartment buyer's agreement executed between promoter and complainants, it is crystal clear that the complainants are allottee(s) as the subject unit was allotted to them by the promoter. The concept of investor is not defined or referred in the Act. As per the definition given under section 2 of the Act, there will be "promoter" and "allottee" and there cannot be a party having a status of "investor". The Maharashtra Real Estate Appellate Tribunal in its order dated 29.01.2019 in appeal no. 000600000010557 titled as M/s Srushti Sangam Developers Pvt. Ltd. Vs. Sarvapriya Leasing (P) Lts. And anr. has also held that the concept of investor is not defined or referred in the Act. Thus, the contention of promoter that the allottee being an investor is not entitled to protection of this Act also stands rejected.

#### **H. Findings regarding relief sought by the complainant.**

70. **Relief sought by the complainant:** Direct the respondent to pay interest @ 18% per annum on the amount paid by the complainant as per the prescribed rate of interest from the promised date of delivery of possession till the actual delivery of possession.

#### **H.1 Admissibility of delay possession charges**

71. In the present complaint, the complainant intends 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*

72. As per clause 21 of the flat buyer's agreement dated 02.08.2011 endorsed through original allottee vide endorsement letter dated 06.09.2013, the possession of the subject unit was to be handed over by of 02.02.2015. Clause 21 of the flat buyer's agreement provides for handover of possession and is reproduced below:

*As per clause 21 : The Developer shall endeavour 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.*

73. The flat buyer's agreement is a pivotal legal document which should ensure that the rights and liabilities of both builders/promoters and buyers/allottees are protected candidly. The apartment buyer's agreement lays down the terms that govern the sale of different kinds of properties like residentials, commercials etc. between the buyer and builder. It is in the interest of both the parties to have a well-drafted flat 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 about stipulated time of delivery of possession of the apartment, plot or building, as the case may be and the right of the buyers/allottees 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.

74. 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 complainant 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 flat 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.

**75. 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 02.02.2015.

**76. Admissibility of delay possession charges at prescribed rate of interest:** The complainant is 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.*

77. 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.
78. 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%.
79. 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;"*
80. Therefore, interest on the delay payments from the complainant 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 complainant in case of delayed possession charges.

81. On consideration of the circumstances, the evidence and other record and submissions made by the complainant 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 flat buyer's agreement executed between the original allottee and the respondent on 02.08.2011, which was further endorsed in the name of complainant vide letter dated 06.09.2013, 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 02.02.2015.

82. 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 complainant is entitled for delayed possession charges @9.30% p.a. w.e.f. from due date of possession i.e. 02.02.2015 till handing over of possession as per section 18(1) of the Act of 2016 read with rule 15 of the rules.

**I. Directions of the authority:**

83. 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 complainant from due date of possession i.e. 02.02.2015 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 10<sup>th</sup> of each succeeding month;
- iii. The complainant is 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 complainant which is not the part of buyer's agreement. The respondent is not entitled to charge holding charges from the complainant/allottee 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

84. Complaint stands disposed of.

85. File be consigned to registry.

  
(Samir Kumar)  
Member

  
(Vijay Kumar Goyal)  
Member

Haryana Real Estate Regulatory Authority, Gurugram

Dated:20.07.2021