

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

Complaint no. : 824 of 2021
Date of filing complaint: 18.02.2021
First date of hearing : 31.03.2021
Date of decision : 17.09.2021

| | | |
|--------|---|---------------------|
| 1. | Shri Om Prakash R/O: - F-120, Suncity, Sector-54, Gurgaon-122011 | Complainants |
| 2. | Smt. Bimla Devi R/O: - F-120, Suncity, Sector-54, Gurgaon-122011 | |
| 3. | Dr. Sheela Sanghwan R/O: -H.no 307, Sector-15A, Hisar, Haryana-125001 | |
| Versus | | |
| 1. | M/s Ireo Grace Realtech Private Limited Regd. Office at: - C-4, 1 st floor, Malviya Nagar, New Delhi -110017 | Respondent |

CORAM:Shri Samir Kumar **Member**Shri Vijay Kumar Goyal **Member****APPEARANCE:**Sh. Rit Arora (Advocate) **Complainants**Sh. M.K Dang (Advocate) **Respondent****ORDER**

1. The present complaint has been filed by the complainants/allottees under section 31 of the Real Estate



(Regulation and Development) Act, 2016 (in short, the Act) read with rule 28 of the Haryana Real Estate (Regulation and Development) Rules, 2017 (in short, the Rules) for violation of section 11(4)(a) of the Act wherein it is inter alia prescribed that the promoter shall be responsible for all obligations, responsibilities and functions under the provision of the Act or the rules and regulations made there under or to the allottees as per the agreement for sale executed inter se.

A. Unit and project related details

2. The particulars of unit details, sale consideration, the amount paid by the complainants, date of proposed handing over the possession, delay period, if any, have been detailed in the following tabular form:

| S. No. | Heads | Information |
|--------|--------------------------------|--|
| 1. | Project name and location | "The Corridors", Sector-67A, Gurugram, Haryana |
| 2. | Licensed area | 37.5125 acres |
| 3. | Nature of the project | Group Housing |
| 4. | DTCP license no. | 05 of 2013 dated 21.02.2013 |
| | License valid up to | 20.02.2021 |
| | Licensee | M/s Precision Realtors Pvt. Ltd. and 5 others |
| 5. | RERA registered/not registered | Registered in 3 phases vide 377 of 2017 dated 07.12.2017 (Phase 2) vide 378 of 2017 dated 07.12.2017 (Phase 1) |



| | | |
|-----|---|--|
| | | vide 379 of 2017 dated 07.12.2017 (Phase 3) |
| | Validity | 30.06.2020 (For phase 1 and 2) 31.12.2023 (For phase 3) |
| 6. | Date of approval of building plan | 23.07.2013 |
| 7. | Unit no. | 503, 5 th floor, tower-B5 (annexure- C1 on page no. 30 of the complaint) |
| 8. | Unit measuring | 1321.15 sq. ft. (annexure- C1 on page no. 30 of the complaint) |
| 9. | Date of allotment | 07.08.2013 (annexure- R5 on page no. 44 of the reply) |
| 10. | Date of execution of flat buyer's agreement | 12.05.2014 (annexure- C1 on page no. 27 of the complaint) |
| 11. | Payment plan | Instalment payment plan (annexure- C1 on page no. 83 of the complaint) |
| 12. | Total consideration | Rs. 1,30,35,970.80/- (annexure- C5 on page no. 93 of the complaint) |
| 13. | Total amount paid by the complainants | Rs. 1,28,27,211.69/- (annexure- C5 on page no. 93 of the complaint) |
| 14. | Possession clause | 13.3 The company proposes to offer the possession of the said apartment to the allottees within a period of 42 months from the date of approval of the building plans and/or fulfilment of the |

| | | |
|-----|--|--|
| | | <p>preconditions imposed thereunder ("Commitment Period"). The allottees further agrees and understands that the company shall additionally be entitled to a period of 180 days ("Grace Period"), after the expiry of the said commitment period to allow for unforeseen delays beyond reasonable control of the company.</p> <p>(emphasis supplied)</p> |
| 15. | Due date of delivery of possession | 23.01.2017 Note: Calculated from the date of approval of building plan. |
| 16. | Offer of possession | Not offered |
| 17. | Occupation certificate | Not obtained 31.05.2019 (A6 to A10, B1 to B4 and C3 to C7) |
| 18. | Period of delay in handing over possession till date of decision i.e.,17.09.2021 | 4 years, 7 months and 25 days |
| 19. | Grace period utilisation | Grace period of 180 days is not allowed in the present matter. |

B. Facts of the complaint

The complainants have submitted as under: -

3. That the complainants had made the booking of the apartment with the respondent in the year 2013 vide application dated 22.03.2013 for the allotment of the apartment in their project, The Corridors, which is located at sector 67-A, Gurugram, Haryana. That the possession of the apartment was due in Jan, 2017 but till date the same has not been delivered. It is important to mention here that complainant no.2 Mrs. Bimla Devi is contesting the present complaint through her General Power of Attorney, Mr. Om Prakash. The complainants are aggrieved by the failure on the part of the respondent in delivering the possession of the apartment to the complainants and hence, has preferred the present complaint for seeking immediate possession and compensation.
4. That the respondent is a private limited company having its registered office at the abovementioned address. That the respondent claims to be one of the most reputed builders in the New Delhi/ NCR region claiming to have successfully completed several other residential projects. The complainants were lured to make the booking in the subject project on the basis of reputation of the respondent.
5. That the complainants in the year 2013 were looking for a residential apartment for themselves and their family in Gurugram when they stumbled upon the project of the respondent. The respondent assured several amenities and world class construction to the complainants and their family

and hence, the complainants who were looking to have an ideal dream home for them and their family, agreed to the booking of apartment in the project of the respondent. Apart from the above promises, the respondent also showed a very rosy picture to the complainants, in fact, the entire family. The agents/ representatives of the respondent assured the original allottees with regard to the viability of the project and assured their family including the present complainants of the timely delivery of possession. The complainants were given extremely lucrative representations of the subject project and hence, they decided to make the application for the booking. The prime features as projected by the respondent being as below:

- a. A huge contiguous green covering nearly 10 acres
- b. A dedicated 2 KM long fitness trail with distance markers
- c. Relaxing gardens and shaded seating areas
- d. Modular kitchen with piped gas
- e. Play areas including cricket net, tennis court, football field, basketball and badminton, billiards, pool and cards room
- f. Ultra-modern toilets, swimming pools, fully equipped gymnasium, banquet hall, lounge bar, squash court, library, spa and video game room
- g. Community facilities such as hospital, retail, school, creche, meditation centre and post office

- h. Eco friendly projects, landscaped gardens, club house, etc.
6. That believing the assurances of the respondent, the complainants made the application for the booking on 22.03.2013. That along with the same, the complainants were required to make the payment of the booking amount. That after this, the respondent issued an allotment letter to the original allottees, allotting them a 2BHK apartment numbered as CD-B5-05-503 on 5th floor, tower-B5 having a super area of 1321.15 sq. ft. The total consideration for the subject unit was Rs.1,30,35,970.80/-
 7. That it is pertinent to mention here that even though the booking was made way back in March, 2013 but for reasons best known to the respondent, the apartment buyer agreement was only executed on 12.05.2014. However, the respondent was regularly raising demands and accepting payments. Also, the clauses of the apartment buyer's agreement dated 12.05.2014 did not permit the original allottees from amending the substantive part of the agreement in any manner whatsoever. It is submitted that thus, despite the terms of the apartment buyer agreement being totally lopsided, the complainants were forced to sign on the dotted line as the only two option either to continue with the unilateral agreement under undue influence or risk losing the substantial payment already made.
 8. That the complainants namely Mr. Om Prakash and Mrs.

Bimla Devi on 04.12.2014 requested the respondent for the addition of name of Dr. Sheela Sangwan in the unit no. CD-B5-05-503 in the subject project. It is further submitted that pursuance to the request and the supporting documents submitted by complainants, the respondent confirmed addition of name of Dr. Sheela Sangwan as one of the allottees in the subject unit on 30.01.2015. Further, the complainant no. 2 i.e. Bimla Devi through GPA entrusted her all rights and shares with respect to all the properties to her husband Mr. Om Prakash vide GRN no. 21109684 dated 20.10.2016.

9. That the respondent had assured the complainants that as per clause 13.3 of the apartment buyer's agreement, the delivery of the subject unit would be done within 42 months from the date of approval of the building sanction plan. It is submitted that the building plans for the project were approved on 23.07.2013 by the DTCP, Haryana. Thus, the respondent was supposed to deliver the possession of the subject unit latest by January, 2017 if we calculate this period from the date of approval of the building plan i.e. 23.07.2013.
10. That the respondent drew an unfair and arbitrary contract with the complainants. The said agreement was totally arbitrary, unilateral and one-sided. The respondent had drawn all the provisions in their favour especially those related to the possession, delay compensation. The complainants were denied fair scope of compensation in case

of delay of possession and were burdened with heavy interest rates in case of delay in payment of instalments. That the arbitrariness and unfairness of the agreement can be found out from the clauses 7.4 and 13.4 of the agreement. As per Clause 7.4 of the agreement, in case of delay in payment, the respondent was liable to charge simple interest at the rate of 20% per annum whereas as per clause 13.4, in case of delay in offering possession, the respondent was only liable to pay to the complainants compensation at the rate of Rs. 7.50/- per sq. ft. That such unilateral agreements have already been held to be illegal and arbitrary and inapplicable while deciding the compensation for the allottees by several courts. It is submitted that the complainant's mother is a laywoman and had no idea that the respondent would indulge in such illegal malpractices. The Hon'ble Supreme Court has already held such one-sided agreements to be unfair and invalid in the case of *Pioneer Urban Land and Infrastructure Limited versus Govindan Raghavan*.

11. That the complainants are not supposed to wait endlessly for possession of the unit. The respondent proposed to deliver the possession of the unit by January, 2017. However, they failed to deliver possession within the time stipulated in the agreement and even till date i.e., after lapse of over 3 years, the respondent have miserably failed to do so.
12. That the Hon'ble Supreme Court in *Fortune Infrastructure and Ors versus Trevor D'Lima and Ors* had held that a time

period of 3 years is reasonable time to complete a contract. Similar view was taken by the Hon'ble Supreme Court in *Kolkata West International City Pvt. Ltd. versus Devasis Rudra*.

13. That it is submitted that the complainants herein had made the payment of Rs. 1,28,27,211.69/- out of the total sale consideration of Rs 1,30,35,970.80/-. That it is also important to note that the respondent had already collected majority of the payment. The payment plan was drafted by the respondent in such a manner that majority of the payments were collected by the respondent itself although much of the work on the site still remained. The payment plan was devised in the manner that the demand could be raised by the respondent only upon raising the bare shell structure and in this manner the respondent collected almost 98% of the payment. The progress on the site although remained very slow which is apparent since till date it is incomplete. That had the demands raised by the respondent corresponded to the actual construction, the possession of the apartment ought to have been delivered by Jan 2017 itself.
14. That the complainants had on various occasions through various mediums requested the respondent to deliver the possession of the subject unit several times and even tried to visit the site of construction but were stopped by the guards. That since booking till date, the respondent never informed



the complainants about any force majeure or any other circumstances which is beyond their reasonable control, which has led to the delay in the completion of the project within the time prescribed in the agreement. That as per clause no. 13.3 of the agreement, the possession was due in January, 2017. That the delay of over 4 years is no way reasonable and no reason can be attributed to such delay except the wilful and deliberate negligence and ignorance of the respondent. It is pertinent to mention at this juncture that during this entire period, the respondent has failed to pay any delay compensation to the complainants. Further, the respondent has failed to abide by their promise and failed to deliver the possession of the subject unit within the promised time. In such circumstances, it is only fair that the respondent be directed to deliver the immediate peaceful possession of the unit complete in all aspects along with all the promised amenities and in a habitable condition to the satisfaction of complainants along with delay compensation @18% p.a. and other compensation. Thus, in the present circumstances, the complainants are left with no other option but to file the present complaint seeking peaceful possession and delay compensation.

C. Relief sought by the complainants.

15. The complainants have sought following relief(s):
 - (i) Direct the respondent to pay compensation for delay in the form of interest on the amount paid by

the complainants as per the prescribed rate of interest from the promised date of delivery of possession till the actual delivery of possession.

- (ii) Direct the respondent to deliver immediate possession of the flat in a habitable condition along with all the promised amenities and facilities and to the satisfaction of the complainants after obtaining a valid occupation certificate and completion certificate.

D. Reply by the respondent.

The respondent has contested the complaint on the following grounds: -

16. That the respondent is a reputed real estate company having immense goodwill, comprised of law abiding and peace loving persons and has always believed in satisfaction of its customers. The respondent has developed and delivered several prestigious projects such as 'Grand Arch', 'Victory Valley', 'Skyon' and 'Uptown' and in most of these projects large number of families have already shifted after having taken possession and Resident Welfare Associations have been formed which are taking care of the day to day needs of the allottees of the respective projects. That the complainants, after checking the veracity of the subject project had applied for allotment of an apartment vide its booking application form.
17. That the respondent raised payment demands from the complainants in accordance with the agreed terms and

conditions of the allotment and the complainants made some payments in time and then started delaying and committing defaults. It is pertinent to mention herein that the respondent had raised the instalment demand on 14.04.2013 for the net payable amount of Rs 13,06,032/-. However, the complainants remitted the due amount only after reminders dated 14.05.2013 and 28.05.2013.

18. That based on the said application, the respondent vide its allotment offer letter dated 07.08.2013 allotted to the complainants, apartment no. CD-B5-05-503 having tentative super area of 1321.15 sq. ft. for a sale consideration of Rs 1,30,35,970.79/-. It is submitted that the respondent had sent the copies of the apartment buyer's agreement to the complainants on 21.03.2014 and the same was executed by the complainants on 12.05.2014.
19. That the respondent raised the third instalment demand vide letter dated 18.03.2014 for a net payable amount of Rs. 15,00,190.56. However, the complainants remitted the demanded amount only after reminder dated 13.4.2014. That vide payment demand dated 12.10.2016, the respondent raised the payment demand towards the eighth instalment for net payable amount of Rs. 952615.99/-. However, the complainants failed to remit the demanded amount and the due amount was adjusted in the next instalment demand as arrears. That the respondent had raised the ninth instalment demand on 01.12.2016 for the net payable amount of Rs 9,93,175.21/-. However, the complainants remitted only a

part-amount out of the total and the same was adjusted in the next instalment demand as arrears.

20. That the possession of the unit is supposed to be offered to the complainants in accordance with the agreed terms and conditions of the agreement. It is submitted that clause 13.3 of the agreement and clause 43 of the schedule - 1 of the booking application form states that '*...subject to the allottee having complied with all formalities or documentation as prescribed by the Company, the Company proposes to offer the possession of the said apartment to the allottee within a period of 42 months from the date of approval of the Building Plans and/or fulfillment of the preconditions imposed thereunder (Commitment Period). The allottee further agrees and understands that the company shall be additionally be entitled to a period of 180 days (Grace Period)...*'. Furthermore, the complainants have further agreed for an extended delay period of 12 months from the date of expiry of the grace period as per clause 13.5 of the apartment buyer's agreement.
21. That from the aforesaid terms of the apartment buyer's agreement, it is evident that the time of delivery of possession was to be computed from the date of receipt of all requisite approvals. Even otherwise construction can't be raised in the absence of the necessary approvals. It is pertinent to mention here that it has been specified in sub-clause (iv) of clause 17 of the approval of building plan dated 23.07.2013 of the said project that the clearance issued by

the Ministry of Environment and Forest, Government of India has to be obtained before starting the construction of the project. It is submitted that the environment clearance for construction of the said project was granted on 12.12.2013. Furthermore, in clause 39 of part-A of the environment clearance dated 12.12.2013 it was stated that fire safety plan was to be duly approved by the fire department before the start of any construction work at site. It is pertinent to mention herein that as per clause 35 of the environment clearance certificate dated 12.12.2013, the project was to obtain permission of Mines & Geology Department for excavation of soil before the start of construction. The requisite permission from the Mines & Geology Department has been obtained on 04.03.2014. That it is submitted that the last of the statutory approvals which forms a part of the pre-conditions was the fire scheme approval which was obtained on 27.11.2014 and that the time period for offering the possession, according to the agreed terms of the apartment buyer's agreement, had expired only on 27.11.2019.

22. That the complainants are trying to mislead this authority by making baseless, false and frivolous averments. The respondent has already completed the construction of the tower in which the unit allotted to the complainants is located and has even applied for the grant of the occupation certificate vide application dated 10.09.2019.

23. That it is pertinent to mention herein that the implementation of the said project was hampered due to non-payment of instalments by allottees on time and also due to the events and conditions which were beyond the control of the respondent and which have materially affected the construction and progress of the project. Some of the force majeure events/conditions which were beyond the control of the respondent and affected the implementation of the project and are as under :

- I. **Inability to undertake the construction for approx. 7-8 months due to Central Government's Notification with regard to Demonetization:** [Only happened second time in 71 years of independence hence beyond control and could not be foreseen]. 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 9-10 November, 2016, the day when the Central Government issued notification with regard to demonetization. During this period, the contractor could not make payment to the labour in cash and as majority of casual labour force engaged in construction activities in India do not have bank accounts and are paid in cash on a daily basis. During demonetization the cash

withdrawal limit for companies was capped at Rs. 24,000 per week initially whereas cash payments to labour on a site of the magnitude of the project in question are Rs. 3-4 lakhs 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 due on account of issues faced by contractor due to the said notification of Central Government.

Further there are studies of Reserve Bank of India and independent studies undertaken by scholars of different institutes/universities and also newspaper reports of Reuters of the relevant period of 2016-17 on the said issue of impact of demonetization on real estate industry and construction labour.

The Reserve Bank of India has published reports on impact of Demonetization. In the report- "Macroeconomic Impact of Demonetization", it has been observed and mentioned by Reserve Bank of India at page no. 10 and 42 of the said report that the construction industry was in negative during Q3 and Q4 of 2016-17 and started showing improvement only in April 2017.

Furthermore, there have been several studies on the said subject matter and all the studies record the

conclusion that during the period of demonetization the migrant labour went to their native places due to shortage of cash payments and construction and real estate industry suffered a lot and the pace of construction came to halt/ or became very slow due to non-availability of labour. Some newspaper/print media reports by Reuters etc. also reported the negative impact of demonetization on real estate and construction sector. That in view of the above studies and reports, the said event of demonetization was beyond the control of the respondent, hence the time period for offer of possession should be deemed to be extended for 6 months on account of the above.

- II. **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 following, 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.

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 is also required to be added for calculating the delivery date of possession.

III. 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.

IV. Inclement Weather Conditions viz.

Gurugram: Due to heavy rainfall in Gurugram in the year 2016 and unfavorable 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.

24. That it is submitted that the complainants are real estate investors who had booked the unit in question with a view to earn quick profit in a short period. However, it appears that their calculations have gone wrong on account of severe slump in the real estate market and the complainants do not have sufficient funds to honour their commitments and now wants to harass and pressurize the respondent to submit to its unreasonable demands on highly flimsy and baseless grounds. Such malaise tactics of the complainants cannot be allowed to succeed.

E. Jurisdiction of the authority

25. The respondent has raised an objection regarding jurisdiction of authority to entertain the present complaint. 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, Haryana the jurisdiction of Haryana Real Estate Regulatory Authority, Gurugram shall be entire Gurugram district for all purposes. 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

Section 11(4)(a) of the Act, 2016 provides that the promoter shall be responsible to the allottees as per agreement for sale. Section 11(4)(a) is reproduced as hereunder:

Section 11(4)(a)

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

The provision of assured returns is part of the builder buyer's agreement, as per clause 15 of the BBA dated..... Accordingly, the promoter is responsible for all obligations/responsibilities and functions including payment of assured returns as provided in Builder Buyer's Agreement.

Section 34-Functions of the Authority:

34(f) of the Act provides to ensure compliance of the obligations cast upon the promoters, the allottees and the real estate agents under this Act and the rules and regulations made thereunder.

So, in view of the provisions of the Act quoted above, the authority has complete jurisdiction to decide the complaint regarding non-compliance of obligations by the promoter 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 jurisdiction of the complaint w.r.t the apartment buyer's agreement executed prior to coming into force of the Act.

26. The respondent submitted that the complaint is neither maintainable nor tenable and is liable to be outrightly dismissed as the apartment buyer's agreement was executed between the complainants and the respondent prior to the enactment of the Act and the provision of the said Act cannot be applied retrospectively.
27. The authority is of the view 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. 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."

28. Also, in appeal no. 173 of 2019 titled as **Magic Eye Developer Pvt. Ltd. Vs. Ishwer Singh Dahliya**, 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."

29. 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 allottees 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 and regulations made thereunder and are not unreasonable or exorbitant in nature. Hence, in the light of above-mentioned reasons, the contention of the respondent w.r.t. jurisdiction stands rejected.

F.II Objection regarding complainants are in breach of agreement for non-invocation of arbitration

30. The respondent submitted that the complaint is not maintainable for the reason that the agreement contains an arbitration clause which refers to the dispute resolution mechanism to be adopted by the parties in the event of any dispute and the same is reproduced below for the ready reference:

"35. Dispute Resolution by Arbitration

"All or any disputes arising out or touching upon in relation to the terms of this Agreement or its termination including the interpretation and validity of the terms thereof and the respective rights and obligations of the parties shall be settled amicably by mutual discussions failing which the same shall be settled through reference to a sole Arbitrator to be appointed by a resolution of the Board of Directors of the Company, whose decision shall be final and binding upon the parties. The allottee hereby confirms that it shall have no objection to the appointment of such sole Arbitrator even if the person so appointed, is an employee or Advocate of the Company or is otherwise connected to the Company and the Allottee hereby accepts and agrees that this alone shall not constitute a ground for challenge to the independence or impartiality of the said sole Arbitrator to conduct the arbitration. The arbitration proceedings shall be governed by the Arbitration and Conciliation Act, 1996 or any statutory amendments/ modifications thereto and shall be held at the Company's offices or at a location designated by the said sole Arbitrator in Gurgaon. The language of the arbitration proceedings and the Award shall be in English. The company and the allottee will share the fees of the Arbitrator in equal proportion".

31. 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.

32. 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 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 Complainants and the Builder cannot circumscribe the jurisdiction of a Consumer Fora, notwithstanding the amendments made to Section 8 of the Arbitration Act."

33. 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."

34. Therefore, in view of the above judgements and considering the provisions of the Act, the authority is of the view that complainants are well within their rights to seek a special remedy available in a beneficial Act such as the Consumer Protection Act and RERA Act, 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. In the light of the above-mentioned reasons, the authority is of the view that the objection of the respondent stands rejected.

G. Findings regarding relief sought by the complainants.

Delay possession charges: To direct the respondents to pay compensation for delay in the form of interest on the amount paid by the complainants as per the prescribed rate of interest from the promised date of delivery of possession till the actual delivery of possession.

35. In the present complaint, the complainants intend to continue with the project and are seeking delay possession charges at prescribed rate of interest on amount already paid by them as provided under the proviso to section 18(1) of the Act which reads as under:-

"Section 18: - Return of amount and compensation

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

.....

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

36. Clause 13.3 of the apartment buyer's agreement (in short, the agreement) dated 12.05.2014, provides for handing over possession and the same is reproduced below:

*"13.3 Subject to Force Majeure, as defined herein and further subject to the Allottees having complied with all its obligations under the terms and conditions of this Agreement and not having defaulted under any provision(s) of this Agreement including but not limited to the timely payment of all dues and charges including the total Sale Consideration, registration charges, stamp duty and other charges and also subject to the Allottees having complied with all formalities or documentation as prescribed by the Company, the company proposes to offer the possession of the said apartment to the allottees within a period of 42 months from the date of approval of the Building plans and/or fulfilment of the preconditions imposed thereunder ("**Commitment Period**"). The Allottees further agrees and understands that the company shall additionally be entitled to a period of 180 days ("**Grace Period**"), after the expiry of*

the said Commitment Period to allow for unforeseen delays beyond reasonable control of the company."

37. The apartment 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 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 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.

38. 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 allottees that even a single default by the allottees in fulfilling formalities and documentations etc. as prescribed by the promoter may make the possession clause irrelevant for the purpose of allottees 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 allottees 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 allottees are left with no option but to sign on the dotted lines.

39. The respondent promoter has proposed to handover the possession of the subject apartment within a period of 42 months from the date of approval of building plans and/or fulfilment of the preconditions imposed thereunder plus 180 days grace period for unforeseen delays beyond the reasonable control of the company i.e., the respondent/promoter.
40. Further, in the present case, it is submitted by the respondent promoter that the due date of possession should be calculated from the date of fire scheme approval which was obtained on 27.11.2014, as it is the last of the statutory approvals which forms a part of the preconditions. The authority in the present case observed that, the respondents have not kept the reasonable balance between his own rights and the rights of the complainants/allottees. The respondents have acted in a pre-determined and preordained manner. The respondents have acted in a highly discriminatory and arbitrary manner. The unit in question was booked by the complainants on 22.03.2013 and the apartment buyer's agreement was executed between the respondents and the complainants on 12.05.2014. The date of approval of building plan was 23.07.2013. It will lead to a logical conclusion that that the respondent would have



certainly started the construction of the project. On a bare reading of the clause 13.3 of the agreement reproduced above, it becomes clear that the possession in the present case is linked to the "fulfilment of the preconditions" which is so vague and ambiguous in itself. Nowhere in the agreement it has been defined that fulfilment of which conditions forms a part of the pre-conditions, to which the due date of possession is subjected to in the said possession clause. If the said possession clause is read in entirety, the time period of handing over possession is only a tentative period for completion of the construction of the flat in question and the promoter is aiming to extend this time period indefinitely on one eventuality or the other. Moreover, the said clause is an inclusive clause wherein the "fulfilment of the preconditions" has been mentioned for the timely delivery of the subject apartment. It seems to be just a way to evade the liability towards the timely delivery of the subject apartment. According to the established principles of law and the principles of natural justice when a certain glaring illegality or irregularity comes to the notice of the adjudicator, the adjudicator can take cognizance of the same and adjudicate upon it. The inclusion of such vague and ambiguous types of clauses in the agreement which are totally arbitrary, one

sided and totally against the interests of the allottees must be ignored and discarded in their totality. In the light of the above-mentioned reasons, the authority is of the view that the date of sanction of building plans ought to be taken as the date for determining the due date of possession of the unit in question to the complainants.

41. Here, the authority is diverging from its earlier view i.e., earlier the authority was calculating/assessing the due date of possession from date approval of firefighting scheme (as it the last of the statutory approval which forms a part of the pre-conditions) i.e., 27.11.2014 and the same was also considered/observed by the Hon'ble Supreme Court in Civil Appeal no. 5785 of 2019 titled as '**IREO Grace Realtech Pvt. Ltd. v/s Abhishek Khanna and Ors.**' by observing as under: -

"With the respect to the same project, an apartment buyer filed a complaint under Section 31 of the Real Estate (Regulation & Development) Act, 2016 (RERA Act) read with rule 28 of the Haryana Real Estate (Regulation & Development) rules, 2017 before the Haryana Real Estate Regulatory Authority, Gurugram (RERA). In this case, the authority vide order dated 12.03.2019 held that since the environment clearance for the project contained a pre-condition for obtaining fire safety plan duly approved by the fire department before the starting construction, the due date of possession would be required to be computed from the date of fire approval granted on 27.11.2014, which would come to 27.11.2018. Since the developer had failed to fulfil the obligation under Section 11(4)(a) of this Act, the developer was liable under proviso to

Section 18 to pay interest at the prescribed rate of 10.75% per annum on the amount deposited by the complainant, upto the date when the possession was offered. However, keeping in view the status of the project, and the interest of other allottees, the authority was of the view that refund cannot be allowed at this stage. The developer was directed to handover the possession of the apartment by 30.06.2020 as per the registration certificate for the project."

42. On 23.07.2013, the building plans of the project were sanctioned by the Directorate of Town and Country Planning, Haryana. Clause 3 of the sanctioned plan stipulated that an NOC/ clearance from the fire authority shall be submitted within 90 days from the date of issuance of the sanctioned building plans. Also, under section 15(2) and (3) of the Haryana Fire Service Act, 2009, it is the duty of the authority to grant a provisional NOC within a period of 60 days from the date submission of the application. The delay/failure of the authority to grant a provisional NOC cannot be attributed to the developers. But here the sanction building plans stipulated that the NOC for fire safety (provisional) was required to be obtained within a period of 90 days from the date of approval of the building plans, which expired on 23.10.2013. It is pertinent to mention here that the developers applied for the provisional fire approval on 24.10.2013 (as contented by the respondents herein the matter of Civil Appeal no. 5785 of 2019 titled as '**IREO Grace Realtech Pvt. Ltd. v/s Abhishek Khanna and Ors.**') after the expiry of the mandatory 90 days period got over. The application filed was deficient and casual and did not provide

the requisite. The respondents submitted the corrected sets of drawings as per the NBC-2005 fire scheme only on 13.10.2014 (as contented by the respondents herein the matter of Civil Appeal no. 5785 of 2019 titled as '*IREO Grace Realtech Pvt. Ltd. v/s Abhishek Khanna and Ors.*'), which reflected the laxity of the developers in obtaining the fire NOC. The approval of the fire safety scheme took more than 16 months from the date of the building plan approval i.e., from 23.07.2013 to 27.11.2014. The builders failed to give any explanation for the inordinate delay in obtaining the fire NOC. So, the complainants/allottees should not bear the burden of mistakes/ laxity or the irresponsible behaviour of the developer/respondent and seeing the fact that the developer/respondent did not even apply for the fire NOC within the mentioned time. It is a well settled law that no one can take benefit out of his own wrong. In light of the above-mentioned facts the respondent/ promoter should not be allowed to take benefit out of his own mistake just because of a clause mentioned i.e., fulfilment of the preconditions even when they did not even apply for the same in the mentioned time frame.

43. **Admissibility of grace period:** The respondent promoter had proposed to hand over the possession of the apartment within 42 months from the date of sanction of building plan and/or fulfilment of the preconditions imposed thereunder which comes out to be 23.01.2017. The respondent promoter has sought further extension for a period of 180 days after

the expiry of 42 months 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 including demonetization and the order dated 07.04.2015 passed by the Hon'ble NGT including others.

- (i) **Demonetization:** It was observed that due date of possession as per the agreement was 23.01.2017 wherein the event of demonetization occurred in November 2016. By this time, major construction of the respondents' project must have been completed as per timeline mentioned in the agreement executed between the parties. Therefore, it is apparent that demonetization could not have hampered the construction activities of the respondents' project that could lead to the delay of more than 2 years. Thus, the contentions raised by the respondents in this regard are rejected.
- (ii) **Order dated 07.04.2015 passed by the Hon'ble NGT:** The order dated 07.04.2015 relied upon by the respondent promoters states that

"In these circumstances we hereby direct state of U.P., Noida and Greater NOIDA Authority, HUDA, State of Haryana and NCT, Delhi to immediately direct stoppage of construction activities of all the buildings shown in the report as well as at other sites wherever, construction is being carried on in violation to the direction of NGT as well as the MoEF guideline of 2010."

A bare perusal of the above makes it apparent that the above-said order was for the construction activities which were in violation of the NGT direction and MoEF guideline of 2010,

thereby, making it evident that if the construction of the respondents' project was stopped then it was due to the fault of the respondent himself and he cannot be allowed to take advantage of their own wrongs/faults/deficiencies. Also, the allottees should not be allowed to suffer due to the fault of the respondent promoter. It may be stated that asking for extension of time in completing the construction is not a statutory right nor has it been provided in the rules. This is a concept which has been evolved by the promoters themselves and now it has become a very common practice to enter such a clause in the agreement executed between the promoter and the allottee. It needs to be emphasized that for availing further period for completing the construction the promoter must make out or establish some compelling circumstances which were in fact beyond his control while carrying out the construction due to which the completion of the construction of the project or tower or a block could not be completed within the stipulated time. Now, turning to the facts of the present case the respondent promoter has not assigned such compelling reasons as to why and how they shall be entitled for further extension of time 180 days in delivering the possession of the unit. Accordingly, this grace period of 180 days cannot be allowed to the promoters at this stage.

44. **Admissibility of delay possession charges at prescribed rate of interest:** The complainants are seeking delay

possession charges at the prescribed rate 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.

45. 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.
46. 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., 17.09.2021 is 7.30%. Accordingly, the

prescribed rate of interest will be marginal cost of lending rate +2% i.e., 9.30% per annum.

47. 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;"

48. 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 delay possession charges.

49. Section 19(10) of the Act obligates the allottees to take possession of the subject unit within 2 months from the date of receipt of occupation certificate. These 2 months' of

reasonable time is being given to the complainants keeping in mind that even after intimation of possession practically he has to arrange a lot of logistics and requisite documents including but not limited to inspection of the completely finished unit but this is subject to that the unit being handed over at the time of taking possession is in habitable condition. It is further clarified that the delay possession charges shall be payable from the due date of possession i.e., 23.01.2017 till offer of possession of the subject flat after obtaining occupation certificate from the competent authority plus two months or handing over of possession whichever is earlier as per the provisions of section 19(10) of the Act.

50. On consideration of the circumstances, the evidence and other record and submissions made by the parties, the authority is satisfied that the respondent is in contravention of the provisions of the Act. By virtue of apartment buyer's agreement executed between the parties on 12.05.2014, the possession of the booked unit was to be delivered within 42 months from the date of approval of building plan (23.07.2013) which comes out to be 23.01.2017. The grace period of 180 days is not allowed in the present complaint for the reasons mentioned above. Accordingly, non-

compliance of the mandate contained in section 11(4) (a) read with proviso to section 18(1) of the Act on the part of the respondent is established. As such complainants are entitled to delayed possession charges at the prescribed rate of interest i.e., 9.30% p.a. for every month of delay on the amount paid by the complainants to the respondent till the offer of possession of the subject unit after obtaining occupation certificate from the competent authority plus two months or handing over of possession whichever is earlier, as per the provisions of section 18(1) of the Act read with rule 15 of the rules and section 19 (10) of the Act.

H. Directions of the authority:-

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

- i. The respondent is directed to pay the 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., 23.01.2017 till the offer of possession of the subject unit after obtaining occupation certificate from the competent authority

- plus two months or handing over of possession whichever is earlier as per section 19 (10) of the Act.
- ii. The arrears of such interest accrued from 23.01.2017 till date of this order shall be paid by the promoter to the allottees within a period of 90 days from date of this order and interest for every month of delay shall be payable by the promoter to the allottees before 10th day of each subsequent month as per rule 16(2) of the rules.
 - iii. The complainants are directed to pay outstanding dues, if any, after adjustment of interest for the delayed period. The rate of interest chargeable from the allottees by the promoter, in case of default shall be charged at the prescribed rate i.e., 9.30% by the respondents/promoters which is the same rate of interest which the promoter shall be liable to pay the allottees, in case of default i.e., the delayed possession charges as per section 2(za) of the Act.
 - iv. The respondent shall not charge anything from the complainants which is not part of the apartment buyer's agreement.

v. The respondent promoter is directed to offer possession of the subject unit to the complainants after obtaining OC from the competent authority.

52. Complaint stands disposed of.

53. File be consigned to the registry.


(Samir Kumar)
Member


(Vijay Kumar Goyal)
Member

Haryana Real Estate Regulatory Authority, Gurugram

Dated: 17.09.2021

JUDGEMENT UPLOADED ON 28.12.2021



HARERA
GURUGRAM