BEFORE THE HARYANA REAL ESTATE REGULATORY AUTHORITY, GURUGRAM

Complaint no.	:	**2762 of 2020**
Date of filing complaint:		**01.10.2020**
First date of hearing	:	**06.11.2020**
Date of decision	:	**08.10.2021**

1. 2.	Mr. Manish Kumar Smt. Ratan Susawat Both R/O: - F-6/5, 1st Floor, DLF Phase-1, Gurugram, Haryana-122002	**Complainants**
	Versus	
1.	M/s Shree Vardhman Infra Homes Pvt. Ltd. Regd. Office at: - 301, 3rd Floor, Inder Prakash Building, 21-Barakhamba Road, New Delhi-110001	**Respondent**

CORAM:	
Dr. K.K. Khandelwal	**Chairman**
Shri Vijay Kumar Goyal	**Member**
APPEARANCE:	
Sh. Sukhbir Yadav (Advocate)	Complainants
Sh. Rakshit Rautela Proxy Counsel for Sh. Varun Chugh (Advocates)	Respondent

ORDER

1. The present complaint has been filed by the complainants/allottees in Form CRA under section 31 of the Real Estate (Regulation and Development) Act, 2016 (in short,

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

A. Project and unit related details

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

S. No.	Heads	Information
1.	Name and location of the project	"Shree Vardhman Flora", Sector-90, Gurugram
2.	Project area	10.881 acres
3.	Nature of the project	Group housing colony
4.	DTCP license no. and validity	23 of 2008 dated 11.02.2008 valid till 10.02.2025
5.	Name of the license holder	Moti Ram
6.	RERA registered/ not registered	Registered vide 88 of 2017 dated 23.08.2017
7.	RERA registration valid up to	30.06.2019 (application for extension has been rejected by order dated 10.02.2020)

8.	Unit no.	002, tower B3 (annexure-P4 on page no. 49 of the complaint)
9.	Unit admeasuring	1875 sq.ft. (annexure-P4 on page no. 49 of the complaint)
10.	Date of execution of flat buyer's agreement	27.06.2012 (annexure-P4 on page no. 47 of the complaint)
11.	Payment plan	Construction linked payment plan (annexure-P4 on page no. 66 of the complaint)
12.	Total consideration	Rs. 66,97,570.05/- (annexure- E on page no. 50 of reply)
13.	Total amount paid by the complainants	Rs. 63,50,173/- (annexure- E on page no. 50 of reply)
14.	Date of commencement of construction	14.05.2012 (vide affidavit submitted on behalf of the respondent by its AR on 06.10.2021)
15.	Possession clause	**14(a)** The construction of the flat is likely to be completed **within 36 months of commencement of construction of the particular tower/ block in which the subject flat is located with a grace period of 6 months**, on receipt of

		sanction of the building plans/ revised plans and all other approvals subject to force majeure including any restrains/ restrictions from any authorities, non-availability of building materials or dispute with construction agency/ workforce and circumstances beyond the control of company and subject to timely payments by the buyer(s) in the said complex. **(emphasis supplied)**
16.	Due date of delivery of possession	14.05.2015 (Calculated from the date of commencement of construction as provided on the behalf respondent by its AR on 06.10.2021)
17.	Occupation certificate	Not obtained
18.	Offer of possession	Not offered
19.	Status of the project	Ongoing
20.	Delay in handing over possession till date of decision i.e. 08.10.2021	6 years, 4 months and 24 days
21.	Grace period utilization	Grace period is not allowed in the present complaint.

B. Facts of the complaints

The complainants have submitted as under: -

3. That the complainants Mr. Manish Kumar & Mrs. Ratan Susawat are a law-abiding and peace-loving citizen and resident of H.no. F- 6/5, 1st floor, DLF phase – 1, Gurugram, Haryana – 122002.

4. That the respondent is a company incorporated under the Companies Act, 1956 having registered office at 301, 3rd floor, Indraprakash building, Barakhamba Road, New Delhi - 110001 and the project in question is Shree Vardhman Flora situated at sector – 90, Gurugram, Haryana.

5. That as per section 2(zk) of the Real Estate (Regulation and Development) Act, 2016, the respondent falls under the category of "promoter" and is bound by the duties and obligations mentioned in the said act and is under the territorial jurisdiction of this authority. That as per section 2(d) of the Act, the complainants falls under the category of "allottee" and have rights and obligations as mentioned in the Act.

6. That in April, 2011 Mr. Manish Kumar (the Complainant) received a marketing call from a real estate agent, who represented himself as an authorized Agent of the respondent and marketed the subject project. The complainants visited

the sales office of the respondent along with the real estate agent and consulted with the marketing staff/office bearers of the respondent. The marketing staff of the respondent showed a rosy picture of the project and allured with proposed specifications and assured for the timely delivery of the flat. The marketing staff of the respondent gave a pre-printed application form and a brochure and assured that possession of the flat will be delivered with 36 months from the date of booking

7. That on 07.04.2011, being impressed by the representation and assurances given by the respondent, the complainants purchased one 3 BHK flat admeasuring 1875 sq. ft. bearing flat no. B3 – 002 in the subject project, being developed by the respondent and paid Rs. 3,50,000/- towards the booking amount and signed a pre-printed application form. The subject flat was purchased under the construction linked Plan for a sale consideration of Rs. 60,31,250

8. That on 23.11.2011, the respondent issued an allotment letter by allotting flat no. B3- 002 in tower B3 admeasuring 1875 sq. ft. in the subject project. That on 27.06.2012, after a long follow-up, a pre-printed, arbitrary, one-sided flat buyer's agreement was executed between complainants and

respondent. As per clause no. 14(a) of flat buyer's agreement, the respondent has to give the possession of the subject flat "within a period of thirty-six (36) months of commencement of construction of the particular tower/block in which that flat is located with a grace period of six months". The building plans were approved on 27.04.2012 and construction was commenced before 14.05.2012. Therefore, the due date of possession was 27.04.2015.

9. That the respondent kept raising the demands as per the stage of construction and the complainants kept paying the demands. Till 02.02.2017, the complainants have been paid Rs. 58,17,205/- plus Rs. 5,32,968/- as interest i.e. more than 96% of total the sale consideration.

10. That on 18.12.2019, the respondent issued a letter of offer of possession for fit-out of the unit and demanded Rs. 7,97,910/- .The said demand letter contains several unreasonable demands i.e. Rs. 1,36,500/- under the head of "escalation charges" and Rs. 23,400/- under the head of "labour cess", etc. The respondent has increased the super area of the flat by 75 sq. ft. from 1875 sq. ft. to 1950 sq. ft. without any justification. It is pertinent to mention here that as per the flat buyer's

agreement, the respondent has to handover the possession of the flat on or before October 2015.

11. That the complainants have served a notice dated 09.04.2020 through their Advocate Mr. Dinesh Kumar, and asked rectification of increased area cost and further asked for delayed possession interest from the due date of possession and the compensation.

12. That it is pertinent to mention here that the license of the project bearing no. 23 of 2008 has been expired on 10.02.2018. Moreover, the RERA registration of the project has also been expired on 30.06.2019. It is a matter of grave concern and this authority has to take cognizance on this.

13. That the complainants have availed a home loan of Rs. 22,82,065/- against the subject unit from DHFL and paying EMI of Rs. 23,186/-. Moreover, the complainants are living on rented accommodation and paying rent of Rs. 40,000/- per month.

14. That on 13.09.2020, the complainants visited the project site and finds that project is abandoned and debris is laying within the flat and around the complex. That since May 2015, the complainants are regularly visiting the office of respondent as well as the construction site and making efforts to get the

possession of the allotted flat, but all in vain, despite several visits by the complainants. The complainants have never been able to understand/know the actual status of construction. Though towers seem to be built-up but no progress is observed on finishing and landscaping work. It is pertinent to mention here that the respondent has sent several emails of construction updates which were not showing the actual status of the project. Moreover, the respondent kept boast about the project status but never informed about the firm date of possession. It is pertinent to mention here that till today (more than 9 years from the date of booking), civil and mechanical work is not completed.

15. That the main grievance of the complainants in the present complaint is that despite the complainants has paid more than 96% of the actual amounts of flats and ready and willing to pay the remaining amount (if any), the respondent party has failed to deliver the possession of flat as per specification and amenities shown in brochure and flat buyer's agreement.

16. That the Complainants had purchased the flat with the intention that after purchase, their family will live in their flat. That it was promised by the respondent party at the time of receiving payment for the flat that the possession of fully

constructed flat along like basement and surface parking, landscaped lawns, club/ pool, school, EWS, etc. as shown in the brochure at the time of sale, would be handed over to the complainants as soon as construction work is complete i.e. by April 2015.

17. That the facts and circumstances as enumerated above would lead to the only conclusion that service is deficient on the part of the respondent party and as such, they are liable to be punished and compensate the complainants.

18. That due to the above acts of the respondent and the terms and conditions of the flat buyer's agreement, the complainants have been unnecessarily harassed mentally as well as financially, therefore the opposite party is liable to compensate the complainants on account of the aforesaid act of unfair trade practice. It is pertinent to mention here that the respondent never told the actual reason behind the delay in the completion of the project and handing over the possession of the flat.

19. That there are a clear unfair trade practice and breach of contract and deficiency in the services of the respondent party and much more a smell of playing fraud with the complainants and others.

20. That there is an apprehension in the mind of the complainants that the respondent party has playing fraud and there is something fishy which respondent party is not disclosing to the complainants just to embezzle the hard-earned money of the complainants and others co-owners.

21. That for the first time cause of action for the present complaint arose in June 2012, when the unilateral, arbitrary, and one-sided terms and conditions were imposed on complainants. The second-time cause of action arose in May 2015, when the respondent party failed to handover the possession of the flat as per the flat buyer's agreement. Further, the cause of action arose in October 2015 when the respondent party failed to handover the possession of the flat as per promise. Further, the cause of action again arose on various occasions, including on a) February 2016; b) Jan. 2017; c) June 2018, d) June 2019 e) August 2020, and on many time till date, when the protests were lodged with the respondent party about its failure to deliver the project and the assurances were given by them that the possession would be delivered by a certain time. The cause of action is still alive and continuing and will continue to subsist till such time, as this authority restrains the

respondent party by an order of injunction and/or passes the necessary orders.

22. That the present complaint is not for seeking compensation, without prejudice, complainants reserves the right to file a separate complaint to Adjudicating Officer for compensation. That the complainants does not want to withdraw from the project. The promoter has not fulfilled his obligation therefore as per obligations on the promoter under section 12 and 18, the promoter(s) is obligated to pay delayed possession interest to the allottee.

C. **Relief sought by the complainants: -**

(a). Direct the respondent to pay the delayed possession interest from the due date of possession till actual handover of the flat, with all the amenities as specified in the brochure and the flat buyer's agreement.

(b). Direct the respondent to give calculation of super area (carpet area and common loading).

(c). Direct the respondent to give GST input credit details.

(d). Direct the respondent to handover the possession of the subject flat.

(e). Direct the respondent to handover clubhouse and car parking complete in all respects while handing over the subject unit.

D. Reply filed by the respondent

23. The respondent has contested the complaint on the following grounds:

i. That the present complaint filed under section 31 of the Act is not maintainable under the said provision. The respondent has not violated any provision of the Act.

ii. That as per rule 28(1)(a) of the Rules of 2017, a complaint under section 31 of the Act can be filed for any alleged violation or contravention of the provisions of the Act after such violation and/or contravention has been established after an enquiry made by the authority under section 35 of the Act. In the present case, no violation and/or contravention has been established by the authority under section 35 of the Act and as such the complaint is liable to be dismissed.

iii. That complainants have sought reliefs under section 18 of the Act, but the said section is not applicable in the facts of the present case and as such the complaint deserves to be dismissed. It is submitted that the operation of section 18 is not retrospective in nature and the same cannot be applied to the transactions that

were entered prior to the Act came into force. The parties while entering into the said transactions could not have possibly taken into account the provisions of the Act and as such cannot be burdened with the obligations created therein. In the present case also the flat buyer's agreement was executed much prior to the date when the Act came into force and as such section 18 of the Act cannot be made applicable to the present case. Any other interpretation of the Act will not only be against the settled principles of law as to retrospective operation of laws but will also lead to an anomalous situation and would render the very purpose of the Act nugatory. The complaint as such cannot be adjudicated under the provisions of Act. The expression "agreement to sell" occurring in section 18(1)(a) of the Act covers within its folded hands only those agreement to sell that have been executed after coming into force of the Act and the flat buyer's agreement executed in the present case is not covered under the said expression, the same having been executed prior to the date the Act came into force.

iv. That the flat buyer's agreement executed in the present case did not provide any definite date or time frame for handing over of possession of the apartment to the complainants and on this ground alone the refund

and/or compensation and/or interest cannot be sought under Act. Even the clause 14(a) of the flat buyer's agreement merely provided a tentative/ estimated period for completion of construction of the flat and filing of application for occupancy certificate with the concerned authority. After completion of construction the respondent was to make an application for grant of occupation certificate (OC) and after obtaining the OC, the possession of the flat was to be handed over.

v. That the delivery of possession by a specified date was not the essence of the flat buyer's agreement and the complainants were aware that the delay in completion of construction beyond the tentative time given in the contract was possible. Even the flat buyer's agreement contains provisions for grant of compensation in the event of delay. As such, it is submitted without prejudice that the alleged delay on part of the respondent in delivery of possession, even if assumed to have occurred, cannot entitle the complainants to ignore the agreed contractual terms and to seek interest and/or compensation on any other basis.

vi. That the alleged delay in delivery of possession, even if assumed to have occurred, cannot entitle the complainants to rescind the FBA under the contractual terms or in law. The delivery of possession by a specified

date was not essence of the FBA and the complainants were aware that the delay in completion of construction beyond the tentative time given in the contract was possible. Even the FBA contain provisions for grant of compensation in the event of delay. As such the time given in clause 14 (a) of FBA was not essence of the contract and the beach thereof cannot entitle the complainants to seek rescind the contract.

vii. That issue of grant of interest/compensation for the loss occasioned due to breaches committed by one party of the contract is squarely governed by the provisions of section 73 and 74 of the Contract Act, 1872 and no compensation can be granted de-hors the said sections on any ground whatsoever. A combined reading of the said sections makes it amply clear that if the compensation is provided in the contract itself, then the party complaining the breach is entitled to recover from the defaulting party only a reasonable compensation not exceeding the compensation prescribed in the contract and that too upon proving the actual loss and injury due to such breach/default. On this ground the compensation, if at all to be granted to the complainants, cannot exceed the compensation provided in the contract itself.

viii. That the residential group housing project in question i.e., "Shree Vardhman Flora", sector-90, Gurugram, Haryana (hereinafter said "project") is being developed by the respondent on a piece of land measuring 10.881 acres situated at village Hayatpur, sector-90, Gurugram, Haryana under a license no. 23 of 2008 dated 11.02.2008 granted by DTCP, Haryana. The license had been granted to the land owners in collaboration with M/s Aggarwal Developers Private Limited. The respondent company is developing/constructing the project under an agreement with M/s Aggarwal Developers Private Limited.

ix. That the project in question has been registered with this authority under section 6 of the Real Estate (Regulation & Development) Act, 2016 and the said registration is valid up to 30.12.2021

x. That the construction of the first phase of the project has been completed and the respondent have already applied for grant of occupancy certificate for towers nos. B1, B2 and B3 ("completed phase") to the concerned authority on 18.11.2019. The construction of the remaining phases/towers is also at a very advanced stage and expected to be completed soon.

xi. That the construction of the entire project had not been completed within the time estimated at the time of launch of the project due to various reasons beyond the control

of the respondent, including inter-alia, liquidity crisis owing to global economic crisis that hit the real estate sector in India very badly which is still continuing, defaults committed by allottees, depressed market sentiments leading to a weak demand, government restrictions, force majeure events etc. The respondent could not be held responsible for the alleged delay in completion of construction.

xii. That in 2020, looking at the situation of real estate market battling the financial crunch; the central government had formed Rs 25,000 crore special window for completion of construction of affordable and mid-income housing projects investment fund popularly known as the 'Swamih fund'. The swamih investment fund had been formed to help the genuinely distressed RERA registered residential developments in the affordable housing / middle-income category and that require last mile funding to complete construction. the government sponsored fund is for the genuine and stressed developers who are dealing the financial crisis due to reasons beyond their control including Covid-19 pandemic. The investment manager of the fund was SBICAP Ventures Ltd. The respondent had also applied for the financial support from the said Swamih fund and its application for the same has also cleared after all

verification. A fund of Rs. 6 crores had also been sanctioned to the respondent vide letter dated 12.10.2020. This sanction of financial assistance by the Government of India backed Swamih fund is in itself a testimonial of the genuineness of promoter of the project in question and also that the project is in final stages of completion.

xiii. That as per clause 14(a), the obligations of the respondent to complete the construction within the tentative time frame mentioned in said clause was subject to timely payments of all the instalments by the complainants. The complainants failed to make payments of the instalments as per the agreed payment plan, the complainants cannot be allowed to seek compensation or interest on the ground that the respondent failed to complete the construction within time given in the said clause. The obligation of the respondent to complete the construction within the time frame mentioned in FBA was subject to and dependent upon time payment of the instalment by the complainants. As such no allottee who has defaulted in making payment of the instalments can seek refund, interest or compensation under section 18 of the Act of 2016 or under any other law.

xiv. That the tentative/estimated period given in clause 14 (a) of the FBA was subject to conditions such as force

majeure, restraint/restrictions from authorities, non-availability of building material or dispute with construction agency / work force and circumstances beyond the control of the respondent, and timely payment of instalments by the buyer, which was not done. Further, the construction could not be completed within the tentative time frame given in the agreement as various factors beyond control of respondent came into play, including economic meltdown, sluggishness in the real estate sectors, defaults committed by the allottees in making timely payment of the instalments, shortage of labour, non-availability of water for construction and disputes with contractors. The delayed payment / non-payment of instalments by the allottees seriously jeopardized the efforts of the respondent for completing the construction of said project within the tentative time frame given in the agreement. It is pertinent to note that the Hon'ble Punjab & Haryana High Court on 21.08.2012 in CWP No. 20032 of 2008 prohibiting ground water extraction for construction purposes in the district of Gurugram and due to the said ban, water was not available for construction of the project in question for a very long period of time. The administrator HUDA, Gurgaon granted NOC for carrying our construction at site of the project vide its memo dated 27.12.2013. Further,

the civil contractors engaged by the respondent for construction of the project in question failed to carry out the construction within the given timelines and several disputes, such as of payments to the labourers etc. cropped up between the respondent and the said contractors.

xv. That the respondent had engaged M/s Mahalakshmi Infraengineers Private Limited and DSA Buildtech Private Limited the contractors who despite having received payments from respondent did not pay to its labor / work force who in term refused to work severely hampering the pace of construction work. The respondent ultimately had to remove both the contractors and carried the construction on its own. The respondent directly made the payment of their laborers/workforce/sub-contractors to regularize the work. It is also submitted that the construction activity in Gurugram has also been hindered due to orders passed by Hon'ble NGT/State Govts./EPCA from time to time putting a complete ban on the construction activities in an effort to curb air pollution. The District administration, Gurugram under the graded response action plan to curb pollution banned all construction activity in Gurugram, Haryana from 01.11.2018 to 10.11.2018 which resulted in hindrance of almost 30 days in construction activity at site. In previous

year also, the NGT vide its order 09.11.2017 banned all construction activity in NCR and the said ban continued for almost 17 days hindering the construction for 40 days. The stoppage of construction activity even for a small period results in a longer hindrance as it become difficult to re arrange, re-gather the work force particularly the laborers as they move to other places/their villages.

xvi. That as per the FBA the tentative period given for completion of construction was to be counted from the date of receipt of sanction of the building plans/revised plans and all other approvals and commencement of construction on receipt of such approvals. The last approval being consent to establish was granted by the Haryana State Pollution Control Board on 15.05.2015 and as such the period mentioned in clause 14(a) shall start counting from 16.05.2015 only.

xvii. That further, the tentative period as indicated in FBA for completion of construction was not only subject to force majeure conditions, but also other conditions beyond the control of respondent. The unprecedented situation created by the Covid-19 pandemic presented yet another force majeure event that brought to halt all activities related to the project including construction of remaining phase, processing of approval files etc. The Ministry of Home Affairs, GOI *vide* notification dated March 24, 2020

bearing no. 40-3/2020-DM-I(A) recognised that India was threatened with the spread of Covid-19 epidemic and ordered a complete lockdown in the entire country for an initial period of 21 days which started from 25.03.2020. By virtue of various subsequent notifications, the Ministry of Home Affairs, GOI further extended the lockdown from time to time and till date the lockdown has not been completely lifted. Various state governments, including the Government of Haryana, have also enforced several strict measures to prevent the spread of Covid-19 pandemic including imposing curfew, lockdown, stopping all commercial, construction activity. Pursuant to issuance of advisory by the GOI vide office memorandum dated 13.05.2020, regarding extension of registrations of real estate projects under the provisions of the Real Estate (Regulation and Development) Act, 2016 due to 'force majeure', the Haryana Real Estate Regulatory Authority has also extended the registration and completion date by 6 (six) months for all real estate projects whose registration or completion date expired and, or, was supposed to expire on or after 25.03.2020. In recent past the Environmental Pollution (Prevention and Control) Authority for NCR ("EPCA") vide its notification bearing No. EPCA-R/2019/L-49 dated 25.10.2019 banned construction activity in NCR during night hours

(6pm to 6am) from 26.10.2019 to 30.10.2019 which was later on converted into complete 24 hours ban from 01.11.2019 to 05.11.2019 by EPCA vide its notification No. EPCA-R/2019/L-53 dated 01.11.2019. The Hon'ble Supreme Court of India vide its order dated 04.11.2019 passed in writ petition no. 13029/1985 titled as "***M.C. Mehta....vs.....Union of India***" completely banned all construction activities in NCR which restriction was partly modified vide order dated 09.12.2019 and was completely lifted by the Hon'ble Supreme Court vide its order dated 14.02.2020. These bans forced the migrant labourers to return to their native States/Villages creating an acute shortage of labourers in NCR region. Due to the said shortage the construction activity could not resume at full throttle even after lifting of ban by the Hon'ble Supreme Court. Even before normalcy in construction activity could resume, the world was hit by the Covid-19 pandemic. As such it is submitted without prejudice to the submission made hereinabove that in the even this authority comes to conclusion that the respondent is liable for interest/compensation for the period beyond 27.07.2017, the period consumed in the aforesaid force majeure event or the situation beyond the control of the respondent has to be excluded.

24. Copies of all the relevant do have been filed and placed on the record. Their authenticity is not in dispute. Hence, the complaint can be decided on the basis of these undisputed documents and submission made by the parties.

E. Jurisdiction of the authority

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

26. 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

27. 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 Maintainability of complaint

28. The respondent contended that the present complaint filed under section 31 of the Act is not maintainable as the respondent has not violated any provision of the Act.

29. The authority, in the succeeding paras of the order, has observed that the respondent is in contravention of the section 11(4)(a) read with proviso to section 18(1) of the Act by not handing over possession by the due date as per the agreement. Therefore, the complaint is maintainable.

F. II Objection regarding jurisdiction of authority w.r.t. the flat buyer's agreement executed prior to coming into force of the Act.

30. Another contention of the respondent is that in the present case the flat buyer's agreement was executed much prior to the date when the Act came into force and as such section 18 of the Act cannot be made applicable to the present case. 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."*

31. 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 <u>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</u>. 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."

32. The agreements are sacrosanct save and except for the provisions which have been abrogated by the Act itself. Further, it is noted that the flat buyer's 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 and are not in contravention of any other Act, rules, regulations made thereunder and are not unreasonable or exorbitant in nature.

F.III Objection of respondent w.r.t reasons for delay in handing over possession.

33. The respondent submitted that the period consumed in the force majeure events or the situations beyond control of the respondent has to be excluded while computing delay in handing over possession.

a.) Unprecedented situation created by Covid-19 pandemic and lockdown fir approx. 6 months starting from 25.03.2020.

34. The Hon'ble Delhi High Court in case titled as ***M/s Halliburton Offshore Services Inc. V/S Vedanta Ltd. & Anr.*** bearing no. O.M.P (I) (Comm.) no. 88/ 2020 and I.As 3696-3697/2020 dated 29.05.2020 has observed that-

> *"69. The past non-performance of the Contractor cannot be condoned due to the COVID-19 lockdown in March 2020 in India. The Contractor was in breach since September 2019. Opportunities were given to the Contractor to cure the same repeatedly. Despite the same, the Contractor could not complete the Project. The outbreak of a pandemic cannot be used as an excuse for non- performance of a contract for which the deadlines were much before the outbreak itself."*

35. In the present complaint also, the respondent was liable to complete the construction of the project in question and handover the possession of the said unit by 14.05.2015 and the respondent is claiming benefit of lockdown which came into effect on 23.03.2020. Therefore, the authority is of the view that outbreak of a pandemic cannot be used as an excuse for non- performance of a contract for which the deadlines were much before the outbreak itself and for the said reason the said time period is not excluded while calculating the delay in handing over possession.

b.) Order dated 25.10.2019, 01.11.2019 passed by Environmental Pollution (Prevention and Control) Authority (EPCA) banning construction activities in NCR region. Thereafter, order dated 04.11.2019 of hon'ble Supreme Court of India in Writ petition no.

13029/1985 completely banning construction activities in NCR region.

36. The respondent has neither completed the construction of the subject unit nor has obtained the OC for the same from the competent authority till date i.e., even after a delay of more than 6 years from the promised date of delivery of the subject unit. In the reply it has been admitted by the respondent/promoter that the construction of the phase of the project wherein the apartment of the complainants is situated is in an advance stage. It means that it is still not completed. It is a well settled law that no one can take benefit of his wrong. Now, the respondent is claiming benefit out of lockdown period, orders dated 25.10.2019 and 01.11.2019 passed by EPCA and order dated 04.11.2019 passed by Hon'ble Supreme Court of India which are subsequent to the due date of possession. Therefore, the authority is of the considered view that the respondent could not be allowed to take benefit of his own wrong and the innocent allottees could not be allowed to suffer for the mistakes committed by the respondent. In view of the same, this time period is not excluded while calculating the delay in handing over possession.

G. Findings on the relief sought by the complainants.

G.I Delay possession charges.

Relief sought by the complainants: Direct the respondent to pay the delayed possession interest from the due date of possession till actual handover of the flat, with all the amenities as specified in the brochure and the flat buyer's agreement.

37. In the present complaint, the complainants intend to continue with the project and are seeking delay possession charges as provided under the proviso to section 18(1) of the Act. Sec. 18(1) proviso reads as under.

> *"**Section 18: - Return of amount and compensation***
>
> *18(1). If the promoter fails to complete or is unable to give possession of an apartment, plot, or building, —*
>
> .....
>
> *Provided that where an allottee does not intend to withdraw from the project, he shall be paid, by the promoter, interest for every month of delay, till the handing over of the possession, at such rate as may be prescribed."*

38. Clause 14(a) of the flat buyer's agreement, provides for handing over possession and the same is reproduced below:

> *14.(a) The Construction of the Flat is likely to be completed within a period of thirty six(36) months of commencement of construction of the particular tower/block in which the Flat is located with a grace period of six(6) months, on receipt of sanction of the building plans/revised plans and all other approvals subject to force majeure including any restrains/restrictions from any authorities, non-availability of building materials or dispute with*

construction agency/workforce and circumstances beyond the control of Company and subject to timely payments by the Buyer(s) in the Said Complex. No claims by way of damages/compensation shall be against the Company in case of delay in handing over the possession on account of said reasons. For the purposes of this Agreement, the date of application for issuance of occupancy/completion/part completion certificate of the Said Complex or the Flat shall be deemed to be the date of completion. The Company on completion of construction shall issue a final call notice to the Buyer(s), who shall remit all dues within thirty (30) days thereof and take possession of the Flat after execution of Sale Deed. If possession is not taken by the Buyer(s) within thirty (30) days of offer of possession, the Buyer(s) shall be deemed have taken possession for the purposes of this Agreement and for the purposes of payment of the maintenance charges, taxes, property tax or any other tax imposable upon the Flat.

39. A 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. Flat 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 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.

40. The authority has gone through the possession clause of the agreement and observed that the possession has been subjected to all kinds of terms and conditions of this agreement. 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 situation may make the possession clause irrelevant for the purpose of allottees and the committed date for handing over possession loses its meaning. 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 numerous approvals and terms and conditions have been mentioned for commencement of construction and the said approvals are sole liability of the promoter for which allottees cannot be allowed to suffer. The

promoter must have mentioned that completion of which approval forms a part of the last statutory approval, of which the due date of possession is subjected to. It is quite clear that the possession clause is drafted in such a manner that it creates confusion in the mind of a person of normal prudence who reads it. The authority is of the view that it is a wrong trend followed by the promoters from long ago and it is their this unethical behavior and dominant position that needs to be struck down. It is settled proposition of law that one cannot get the advantage of his own fault. 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 allottees of their 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.

41. The respondent promoter has proposed to handover the possession of the subject apartment within a period of 36 months of the commencement of construction of the particular tower/ block in which the flat is located with a grace period of 6 months, on receipt of sanction of the building plans/revised

plans and all other approvals subject to force majeure including any restrains/restrictions from any authorities, non-availability of building materials or dispute with construction agency/workforce and circumstances beyond the control of company and subject to timely payments by the buyer(s) in the said complex.

42. The respondent is claiming that the due date shall be computed from 15.05.2015 i.e., date of grant of Consent to Establish being last approval for commencement of construction. The authority observed that in the present case, the respondent has not kept the reasonable balance between his own rights and the rights of the complainants-allottees. The respondent has acted in a pre-determined, preordained, highly discriminatory and arbitrary manner. The unit in question was booked by the complainants on 09.05.2011 and the flat buyer's agreement was executed between the respondent and the complainants on 27.06.2012. It is interesting to note as to how the respondent had collected hard earned money from the complainants without obtaining the necessary approval (Consent to Establish) required for commencing the construction. The respondent has obtained Consent to Establish from the concerned authority on

15.05.2015. The respondent is in win-win situation as on one hand, the respondent had not obtained necessary approvals for starting construction and the scheduled time of delivery of possession as per the possession clause which is completely dependent upon the commencement of the construction and on the other hand, a major part of the total consideration is collected prior to the start of the construction. Further, the said possession clause can be said to be invariably one sided, unreasonable, and arbitrary. Moreover, it is a matter of fact that as per the affidavit filed by the respondent on 06.10.2021, the date of commencement of the subject tower, where the flat in question is situated is 14.05.2012. This said statement sworn by the respondent is itself contradictory to its contention that the due date of possession is liable to be computed from consent to establish. It is evident that respondent has started construction (on 14.05.2012 as per the affidavit submitted on behalf of the respondent by its A.R on 06.10.2021.). Without obtaining CTE which shows delinquency on the part of the promoter. Therefore, in view of the above reasoning, the contention of the respondent that due date of handing over possession should be computed from date of CTE does not hold water and the authority is of the

view that the due date shall be computed from the date sworn by the promoter in the affidavit as 'date of commencement of construction'.

43. **Admissibility of grace period:** The promoter has proposed to hand over the possession of the said flat within 36 months from the date of commencement of construction of the particular tower in which the flat is located and has sought further extension of a period of 6 months, on receipt of sanction of the building plans/revised plans and all other approvals subject to force majeure including any restrains/restrictions from any authorities, non-availability of building materials or dispute with construction agency/workforce and circumstances beyond the control of company and subject to timely payments by the buyer(s) in the said complex. It may be stated that asking for the extension of time in completing the construction is not a statutory right nor has it been provided in the rules. 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 allottees. Now, turning to the facts of the present case the respondent promoter has neither completed the construction of the

subject project nor has obtained the occupation certificate from the competent authority till date. It is a well settled law that one cannot take benefit of his own wrong. In the light of the above-mentioned reasons, the grace period of 6 months is not allowed in the present case.

44. **Admissibility of delay possession charges at prescribed rate of interest**: The complainants are seeking delay possession charges, proviso to section 18 provides that where an allottees does not intend to withdraw from the project, he shall be paid, by the promoter, interest for every month of delay, till the handing over of possession, at such rate as may be prescribed and it has been prescribed under rule 15 of the rules. Rule 15 has been reproduced as under:

> ***Rule 15. Prescribed rate of interest- [Proviso to section 12, section 18 and sub-section (4) and subsection (7) of section 19]***
> *(1) For the purpose of proviso to section 12; section 18; and sub-sections (4) and (7) of section 19, the "interest at the rate prescribed" shall be the State Bank of India highest marginal cost of lending rate +2%.: Provided that in case the State Bank of India marginal cost of lending rate (MCLR) is not in use, it shall be replaced by such benchmark lending rates which the State Bank of India may fix from time to time for lending to the general public.*

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., 08.10.2021 is 7.30% p.a. Accordingly, the prescribed rate of interest will be marginal cost of lending rate +2% i.e.,9.30% p.a.

47. The definition of term 'interest' as defined under section 2(za) of the Act provides that the rate of interest chargeable from the allottees by the promoter, in case of default, shall be equal to the rate of interest which the promoter shall be liable to pay the allottees, 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% p.a. by the respondent/promoter which is the same as is being granted to the complainants in case of delay possession charges.

G.II GST Input Credit

Relief sought by the complainants: Direct the respondent to give GST input credit details.

49. The authority is of the view that the legislature while framing the GST law specifically provided for anti-profiteering measures as a check and to maintain the balance in the inflation of cost on the product/services due to change in migration to a new tax regime i.e. GST, by incorporating section 171 in Central Goods and Services Tax Act, 2017/ Haryana Goods and Services Tax Act, 2017. The intention of the legislature was amply clear that the benefit of tax reduction or 'Input Tax Credit' is required to be passed onto the customers in view of section 171 of HGST/CGST Act, 2017. As per the above said provisions of the Act, it is mandatory for the respondent to pass on the benefits of 'Input Tax Credit' by way of commensurate reduction in price of the flat/unit and provide the details of ITC so given by the respondent.

G.III Club house and Car parking

Relief sought by the complainants: Direct the respondent to handover clubhouse and car parking complete in all respects while handing over of possession.

50. **Club House:-** The authority held that if the club has come into existence and the same is operational or is likely to become operational soon i.e. within reasonable period of around 6 months, the demand raised by the respondent for the said amenity shall be discharged by the complainants as per the terms and conditions stipulated in the flat buyer's agreement. However, if the club building is yet to be constructed, the respondent should prepare a plan for completion of the club and demand money regarding club charges and its membership from the allottees only after completion of the club.

51. **Car Parking:-** The authority held that open parking spaces cannot be sold/charged by the promoter both before and after coming into force of the Act of 2016 since it is the part of basic sale price charged against the unit in question as a part of common areas. However as far as the issue regarding covered car parking is concerned where the said agreements have been entered into before coming into force of the Act, the matter is

to be dealt with as per the provisions of the flat buyer's agreement subject to that the allotted parking area is not included in super area. Accordingly, where the builder has charged for covered car parking, it is justified in doing the same only when the allotted parking area is not included in super area. However, after coming into force of the Act, now the parking in basement cannot be sold and it is part of common areas to be managed by the association of apartment owners.

52. 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 section 11(4)(a) of the Act by not handing over possession by the due date as per the agreement. It is a matter of fact that the date of commencement of the subject tower, where the flat in question is situated is 14.05.2012 as per the affidavit filed by the respondent on 06.10.2021. By virtue of flat buyer's agreement executed between the parties on 27.06.2012, the possession of the booked unit was to be delivered within 36 months of the commencement of construction of the particular tower/ block in which the flat is located which comes out to be

14.05.2015 excluding a grace period of 6 months which is not allowed in the present case for the reasons quoted above.

53. 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., 14.05.2015 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.

54. 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 from the due date of possession i.e., 14.05.2015 till the handing over 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 18(1) of the Act read with rule 15 of the rules and section 19 (10) of the Act.

H. Directions of the authority

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

I. The respondent is directed to pay interest at the prescribed rate of 9.30% p.a. for every month of delay from the due date of possession i.e., 14.05.2015 till the handing over 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 section 19 (10) of the Act.

II. The arrears of such interest accrued from 14.05.2015 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 respondent is directed to handover the physical possession of the subject unit after obtaining OC from the competent authority and to provide the details of area calculation of the subject flat to the complainant at the time of offer of possession after obtaining OC from the competent authority and also provide GST input credit details under section 19(1) of the Act.

IV. The complainants are directed to pay outstanding dues, if any, after adjustment of interest for the delayed period.

V. The rate of interest chargeable from the allottees by the promoter, in case of default shall be charged at the prescribed rate i.e., 9.30% by the respondent/promoter which is the same rate of interest which the promoter shall be liable to pay the allottees, in case of default i.e., the delayed possession charges as per section 2(za) of the Act.

VI. The respondent shall not charge anything from the complainants which is not the part of the agreement. However, holding charges shall also not be charged by the promoter at any point of time even after being part of agreement as per law settled by the Hon'ble Supreme

Court in civil appeal no. 3864-3889/2020 dated 14.12.2020.

56. Complaint stands disposed of.

57. File be consigned to registry.

(Vijay Kumar Goyal)
Member

(Dr. K.K Khandelwal)
Chairman

Haryana Real Estate Regulatory Authority, Gurugram

Dated: 08.10.2021

JUDGEMENT UPLOADED ON 24.12.2021