

**REAL ESTATE REGULATORY AUTHORITY,
HIMACHAL PRADESH**

In the matter of:-

1. Smt. Godavari Bhardwaj, W/O Sh. Roshan Lal Bhardwaj, resident of Village Kohari, Hill View, Tehsil and Post Office Kandaghat, District Solan, Himachal Pradesh.
2. Shri Ashok Bhardwaj, S/O Sh. Roshan Lal Bhardwaj, resident of Village Kohari, Hill View, Tehsil and Post Office Kandaghat, District Solan, Himachal Pradesh.

.....Complainant(s)

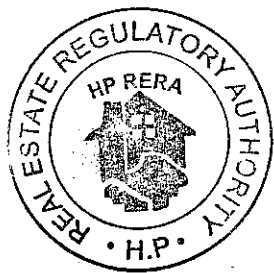
Versus

1. M/s Rajdeep & Company Infra Pvt. Ltd. through its Director Shri Rajdeep Sharma, S/O Shri Sansar Chand having its registered office at SCO 12, 1st Floor, Hollywood Plaza, VIP Road, Zirakpur, Punjab.
2. Sh. Rajdeep Sharma, S/O Shri Sansar Chand Sharma, R/O Tower no.A-2, Pent House no.1, Nirmal Chhaya, VIP Road, Zirakpur, Punjab.
3. Smt. Shakuntala Devi, W/O Shri Sansar Chand Sharma, R/O Village Jhakar, Tehsil Rohru, District Shimla, Himachal Pradesh,

.....Non-Complainants/ Respondents

Complaint no. RERA/HPSOCTA/ 04190016

Present: - Shri Ashok Bhardwaj Complainant along with Shri Rohit Sharma, Advocate,



Shri Rishi Kaushal, Advocate for respondent Rajdeep & Company Pvt. Ltd.

Shri Mayank Manta, Assistant District Attorney for State of Himachal Pradesh/ RERA Himachal Pradesh.

Final Date of Hearing (Through WebEx): 17.11.2020.

Date of pronouncement of Order: 16.12.2020.

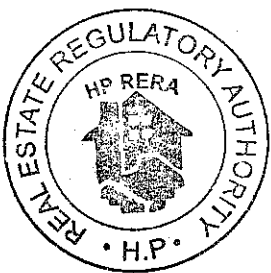
ORDER

CORAM: - Chairperson and both Members

1. BRIEF FACTS OF THE CASE:- COMPLAINT

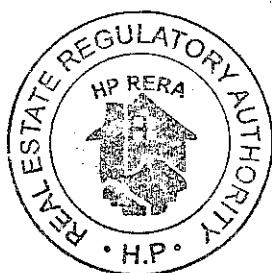
The present matter refers to an Complaint filed under the provisions of the Real Estate (Regulation and Development) Act, 2016(herein after referred to as the Act.)

2. That the Complainants Smt. Godavari Bhardwaj/ Shri Ashok Bhardwaj have filed an online Complaint dated 11th April, 2019 before the Designated Officer cum Director, Town & Country Planning, Himachal Pradesh under 'Form-M' bearing Complaint no. RERA/HP/ SOCTA/04190016 of the HP Real Estate (Regulation & Development) Rules' 2017. As per the Complaint it has been alleged that the Complainant had invested a sum of Rs. Eleven lakhs Twelve thousand and five hundred (Rs. 11, 12, 500/-) for booking a 2BHK flat 1st Floor, D block measuring approximately 960 sq.fts.in M/s Rajdeep & Co. Infra Pvt. Ltd housing project



named as 'Claridges Residency' at Bharari, Shimla-171001 on dated 21st August, 2015 and allotment letter was issued by the respondent no.1. It has been alleged by the Complainants that the respondent no.1 had assured that allotment of the said flat shall be made available to the Complainants by 19th July, 2016. Even after the repeated requests made by the Complainants to the respondent no.1 to deliver the possession of the flat in question till date. The Complainants have sought this Authority to pass necessary orders for the refund of entire amount of Rs. Eleven lakhs Twelve thousand and five hundred (Rs. 11, 12, 500/-) along with interest and damages for financial and mental harassment.

3. After the constitution of this Authority vide Government notification no. HSG- A (3)-1/ 2019 dated 16.12.2019, the matter in question was listed for adjudication and hearing before this Authority on different hearings. During the course of hearing on 18th June, 2020, the Ld. Counsel appearing for the respondents have submitted that the complaint filed by the Complainants is not in accordance with the HP Real Estate (Regulation & Development) Rules, 2017 as the same has not been submitted on 'Form-M' and there are defects relating to paging and making of index.



The Authority affording an opportunity of being heard in view of "*Audi alteram partem*" had directed the Complainants vide its order dated 18th June, 2020 to submit complaint in prescribed 'Form-M' and accordingly the complaint under 'Form-M' bearing Complaint no. RERA/HPSOCT/ 04190016 of the HP Real Estate (Regulation & Development) Rules' 2017 have been re-filed before this Authority. As per the contents of revised complaint, similar facts in issue has been reiterated by the Complainants along with copy of allotment letter dated 21st August, 2015 (Annexures A & A1), copy of payment receipts (Annexures B to E) and the details of payment made to respondent. Likewise, the Complainants have sought the refund of amount of Rs. Eleven lakhs Twelve thousand and five hundred (Rs. 11, 12, 500/-) along with interest @ 18 and a damages amounting to Rs. Five lakhs for causing harassment.

4. **REPLY TO THE COMPLAINT.**

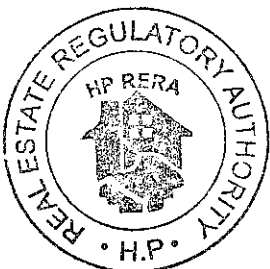
The respondent(s) have filed a detailed reply to the Complaint on 25th July, 2020. It has been contended in the reply by the respondent(s) that to strike a balance between the interests of home buyers and builders, the RERA Act lays down duties under Section 19 under Chapter 5 of the



Act ibid upon the allottees regarding duty to research, duty to make payments and duty to pay interests. It has been further submitted in the reply that the present complaint is not maintainable before this Authority as the power to adjudicate lies with the Adjudicating Officer and therefore this Authority lacks jurisdiction to decide the matter. The reply further mentions that the Complainant has not come to this Authority with clean hands and have suppressed the material fact that a Criminal Case under Case FIR no. 155 of 2020 under Section 420 IPC has been registered by the Complainant no.2 against the respondent no.1/2. Therefore, in view of the parallel proceedings the Complaint is liable to be dismissed.

5. REJOINDER TO THE REPLY.

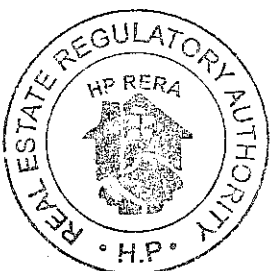
The Complainant has responded to the reply so filed by the respondent(s) by filing a detailed para-wise rejoinder on 24th August, 2020. It has been submitted in the rejoinder by the Complainants that the entire contents of the reply is wrong, contrary and have been denied. It has been further submitted that the project of the respondent(s) is held up on account of their own acts of omission and commission and till date the flat which was allotted to the Complainants does not lawfully exist. The Complainants cannot be asked



to wait for eternity for completion of the project and therefore is entitled to withdraw from the project and claim refund of the amount paid to the respondent(s) along with interest.

6. **WRITTEN SUBMISSIONS AND SYNOPSIS ON BEHALF OF THE COMPLAINANTS.**

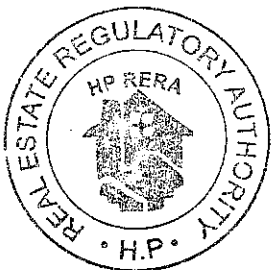
The Complainants have further reiterated its stand by filing a brief list of events and synopsis in the matter on 17th September, 2020 before this Authority. The synopsis provides the statutory provisions of the Act *ibid* that are applicable in the present case under Section 18 for return of amount and compensation along with rights and duties of allottees under Section 19, whereby the respondent(s) have failed to give possession of the flat in question and therefore it is legally correct for the Complainants to withdraw from the present project and demand the refund of amount that has been paid to the respondent(s). The synopsis further refers to the judgments of the Hon'ble Apex Court in the ***"Fortune Infrastructure Vs. Travor D' Lima (2018) 5 SCC 442***, wherein the Hon'ble Supreme Court of India has held that when no date of possession is mentioned in the agreement, the promoter is expected to hand over the possession within reasonable time, and the



period of three years is held to be reasonable time. The synopsis apart from the aforesaid judgment has mentioned the order dated 21st February, 2019 passed by Maharashtra RERA, Mumbai in Complaint titled as 'Vrajesh Hirjee versus Skyline Construction Company Ltd.', Order passed by the State Consumer Disputes Redressal Commission Delhi in 'Vishal Arya versus Unitech Ltd' and 'Dhanrajamal Gobindram versus Shamji Kalidas & Co.' AIR 1961 SC 1285, 'Alopi Parshad versus Union of India' 1960 (2) SCR 793, wherein the term 'Force Majeure'

7. WRITTEN SUBMISSIONS AND SYNOPSIS ON BEHALF OF THE RESPONDENTS.

The respondents have placed on record written submissions and synopsis before this Authority on 26th October, 2020 As per the contents of the synopsis and written submissions the respondents have submitted the brief background of the case referring to sale deed (Annexure R/A) dated 9th May, 2014 executed between the respondent no.2 and one Smt. Jaswant Kaur for sale purchase of the property in question, copy of joint development agreement dated 16th June, 2014 (Annexure R/B) executed between Rajdeep & Company and agreement between respondent no. 2 & 3 dated 11th August, 2016 (Annexure R/C). The synopsis further provides the

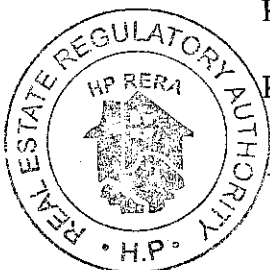


objections in shape of non-applicability and lack of jurisdiction of this Authority, applicability of Section 71 of the Act *ibid*, rate of interest, duties of the allottees and the parallel proceedings whereby a Criminal Case under Case FIR no. 155 of 2020 under Section 420 IPC has been registered against the respondent no.1/2, therefore the present Complaint is liable to be dismissed. The synopsis further contemplates the judicial pronouncements on the issue of parallel proceedings namely **'Meghmala & Ors. Versus G. Narashima Reddy & Ors. In Civil Appeal Nos. 6656-6657 of 2010 decided on 16th August, 2010 (Para 9), 'Union of India and others versus Cipla Ltd. n Civil Appeal no. 329 of 2005'** decided on 21.10.2016, operative part (par 150), **'DCM Shriram Industries Ltd. versus HB Stockholdings Ltd. and Ors.'** Decided on 28th April, 2014, CO.A (SB) 7/ 2-14 & CA no. 275/ 2014, **"Bikramjeet Singh versus State of Punjab & ors."** Dated 13th December, 2017 passed by the Real Estate Regulatory, Authority, Punjab and **"Wg. Cdr. Arifur Rahman Khan and Aleya Sultana & ors. Versus DLF Southern Homes Pvt. Ltd. & Ors"** on the rate of interest.



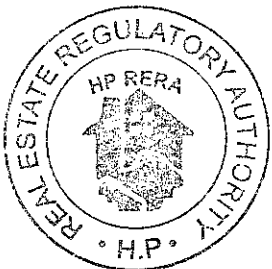
8. After perusing the entire record in shape of pleadings and documents placed on record before this Authority by the Complainant and Respondent, the following additional facts transpires in the present case :-

- i) That it is submitted by the Complainants in their rejoinder at pages 29-32 that the Respondent had issued the letter of allotment dated 21st August, 2015 in favour of the Complainants for selling of a 2BHK flat 1st Floor, D block measuring approximately 960 sq.fts.in Rajdeep & Co. Pvt. Ltd housing project named as ' Claridges Residency' at Bharari, Shimla-171001.
- ii) That it is per se admitted by the contesting parties, more particularly by respondent that a sum of Rs. Eleven lakhs Twelve thousand and five hundred (Rs. 11, 12, 500/-) have been paid to the respondent by the Complainants in view of the sale of the flat in question.
- iii) That it is submitted by the respondent in their written submissions and synopsis that the land in question, where the proposed flats were to be constructed at Block D has been purchased by the respondent from one Smt. Jaswant Kaur vide sale deed dated 09th May, 2014 comprised in Khata Khatoni no. 151/ 186 , Khasra no. 5, measuring 1416.80 sq. mtrs. situated at Up-Mohal Kaleston, Tehsil



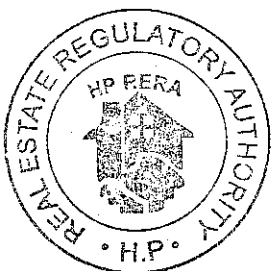
Shimla (U) District Shimla, Himachal Pradesh. It is a proven admitted fact that at the time of execution of the aforesaid sale deed, the seller was approved three maps for development/ construction upon the said land approved by the Municipal Corporation, Shimla vide order no. 320 (AP) dated 17th November, 2003, vide order no. 35 (AP) dated 6th February, 2003, vide order 171 (AP) dated 21st July, 2003. It is further admissible that the seller has contracted the four storeyed building upon the part of the said land and the seller has obtained the completion certificate of the said building from the M.C. Shimla vide order no. 105 (AP) dated 07th March, 2012 against the proposed approval map vide order no. 106 (AP) dated 21st July, 2003.

iv) That the respondent has entered into a joint development agreement on 16th June, 2014 between himself and the Company, i.e. M/s Rajdeep & Company Infrastructure Private Ltd. Significantly to mention herein that as per the contents of the very joint development agreement all the corresponding issues of property in question have been alienated in the name of the respondent Company along with the entire project, consideration, obligations, warranties, transfer of rights, assets etc., i.e. from the owner



of the property to its developer, which is reflected in the written arguments/ submissions of the respondent.

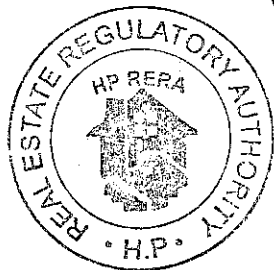
- v) That it is submitted by the Complainants in their rejoinder at page 23-24 that respondent prior to the issuance of the allotment letter the respondent promoter has been enlarged on anticipatory bail in some other Criminal Case under Section 438 of the Criminal procedure Code, 1973 by the Hon'ble High Court of Himachal Pradesh vide its order dated 4th August, 2015 in Case FIR no. 148 of 2015 dated 09th July, 2015 under Sections 452, 354B, 504, 506, 323, 120B, 34 of the Indian Penal Code. It is also a submitted fact by the Complainant no. 2 that during the course of hearing before this Authority has moved the Ld. Chief Judicial Magistrate, Shimla by filing an application under Section 156 (3) of the Criminal Procedure Code for registration of FIR against the respondent for alleged fraud and cheating under relevant provisions of penal Laws which have been ordered to be probed by the Ld. CJM, Shimla vide its order dated 30.06.2020. Accordingly a Case FIR no. 155 of 2020 dated 2nd July, 2020 under Section 420 of Indian Penal Code stands registered against the respondent for alleged fraud on the Complainants.



vi) That the respondent executed a family settlement deed with her mother Smt. Shakuntala Sharma, W/O Shri Sansar Chand on 3rd May, 2016 transferring the land 38000/141680 share measuring 380.00 sq. mtrs. (vacant land only) out of comprised in Khata Khatoni no. 151/ 86, khasra no.5, measuring 1416. 80 sq. mtrs. Situated at Up-Mohal Kaleston, Tehsil Shimla (U) District Shimla, Himachal Pradesh along with all rights of easement, paths, drainages, air, light, water, sunlight.

vii) That the respondent(s) has categorically stated to have admitted herein further in his reply to the Complaint that he has applied for the regularization of unauthorized construction in question, where the flat to the Complainant was to be constructed under the impugned amendment Act of 2016, whereby Section 30-B to the Himachal Pradesh Town & Country Planning Act (retention policy) which has been quashed by the Hon'ble High Court of Himachal Pradesh vide its order dated 22nd December, 2017 and is pending for adjudication in review petition before the Hon'ble High Court.

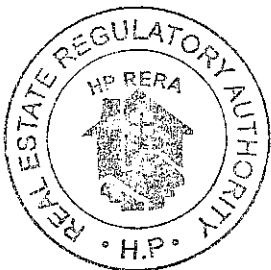
viii) It is per se evident that after the site inspection carried out at the instance of this Authority on dated 17th February, 2020 by Municipal Corporation, Shimla, following factual



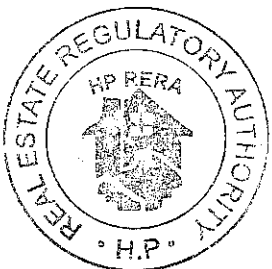
position has emerged, "That proposed plan for residential building was approved vide order No. 331 (AP) dated 11th August, 2017 for three storeys plus parking floor in favour of Smt. Shakuntala. Parking floor was approved at road level and three nos. were approved below the road level. At site, R.C.C. framed structure has been raised up to the road level. The R.C.C. slab has been laid at the parking floor level, i.e. road level and above it, but the structure below it consists of 3 levels R.C.C. columns and beams and no slab has been laid. The height of these levels from the lowermost level is 3.20 mtrs, 2.40 mtrs and 2.10 mtrs respectively. It is pertinent to mention here that the height of the top two levels is not as per the minimum height, i.e. 2.70 mtrs. prescribed as per the regulations for habitable floor."

9. **ARGUMENTS ADVANCED**

The final arguments in this case were heard partly on 14.10.2020 and then on 17.11.2020. Shri Rohit Sharma, Ld. Counsel representing the Complainants has argued before this Authority that the contentions of the Complainant are specific. It has been argued by the Ld. Counsel representing the Complainants that his clients have booked a 2BHK flat 1st Floor, D block measuring approximately 960 sq.ft.s.in Rajdeep & Co. Pvt. Ltd housing



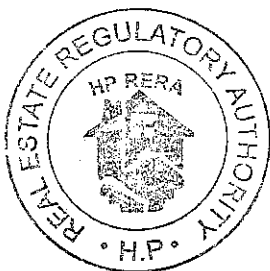
project named as 'Claridges Residency' at Bharari, Shimla-171001 on dated 21st August, 2015 for a selling price of Rs. Forty Lakhs (Rs. 40, 00, 000/-) which was to be paid in different stages as per the conditions of the aforesaid allotment letter dated 21st August, 2015 (annexed as Annexure C-1 at page 29 of the rejoinder on behalf of the Complainants) issued by the respondent. It is averred by the arguing Counsel for the Complainants that a sum of Rs. Eleven lakhs Twelve thousand and five hundred (Rs. 11, 12, 500/-) was advanced by the Complainants to respondent, the details of which stands mentioned in the revised application under "Form-M". It has been further argued before this Authority by Ld. Counsel for the Complainants that the flat in question as per Annexure R-2 of the reply submitted by the respondent was allocated in name of both the Complainants. Since the respondent(s) have failed to deliver the possession of the flat in question after expiry of five years from the date of allotment, the Complainants are entitled for refund under Section 18 of the Act, which provides that, *"If the promoter fails to complete or is unable to give possession of an apartment, plot or building,— (a) in accordance with the terms of the agreement for sale or, as the case may be, duly completed by the date specified*



therein; or (b) due to discontinuance of his business as a developer on account of suspension or revocation of the registration under this Act or for any other reason, he shall be liable on demand to the allottees, in case the allottee wishes to withdraw from the project, without prejudice to any other remedy available, to return the amount received by him in respect of that apartment, plot, building, as the case may be, with interest at such rate as may be prescribed in this behalf including compensation in the manner as provided under this Act:

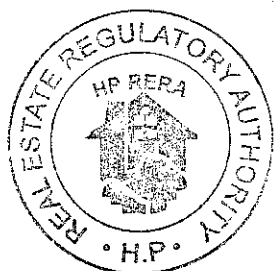
Provided that where an allottee does not intend to withdraw from the project, he shall be paid, by the promoter, interest for every month of delay, till the handing over of the possession, at such rate as may be prescribed."

10. The Ld. arguing Counsel for the Complainants has further argued that presently at the site under reference where the alleged construction of the flat was to come in place has been raised till the plinth level + one lantern, which is being utilized as a passage to Block-C. Since no time period has been specified in the allotment letter dated 21st August, 2015 issued by the respondent, the Ld. Counsel has made a reference to the judgment of Hon'ble Apex Court in **Fortune Infrastructure versus Travor D' Lima (2018) 5 SCC 442,**



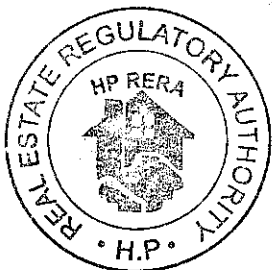
whereby the Hon'ble Court under para 15 has held that, "*Moreover, a person cannot be made to wait indefinitely for the possession of the flats allotted to them and they are entitled to seek the refund of the amount paid by them, along with compensation. Although we are aware of the fact that where there was no delivery period stipulated in the agreement, a reasonable time has to be taken into consideration. In the facts and circumstances of this case, a period of three years would have been reasonable for completion of the contract.*" Stepping the Complainants into the view reiterated by the Hon'ble Apex Court, the Ld. Counsel has argued before this Authority that since there no date of possession mentioned in the allotment letter, the respondent promoter was expected to hand over the possession within a reasonable time of three years, he has miserably failed to do so as there is apparently no construction evident at the site. Therefore the Complainants are duly entitled for the refund of amount.

11. Making a further reference to the final order dated 21st February, 2019 passed by the Maharashtra Real Estate Regulatory Authority in **Vrajesh Hirjee versus Skyline Construction Company**, the Ld. Counsel has invited the attention of this Authority to paras 2, 5 and 7, whereby the



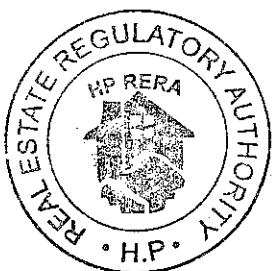
Maharashtra RERA has categorically held that when no date of possession is mentioned in the agreement, the promoter is expected to hand over the possession within reasonable time and the time of three years is held to be reasonable time. (para 7)" Therefore, it has been prayed by the Complainants before this Authority to pass an order for refund of entire amount paid by the Complainants to the respondent(s) along with interest from the date of its payment till its realization.

12. The Ld. Counsel for the Complainants has further invited our attention to the family settlement deed (copy of which is annexed as Annexure C-6 at pp. 41-47 of the rejoinder) executed by the respondent in favour of her mother Smt. Shakuntala Sharma, W/O Shri Sansar Chand on 3rd May, 2016 transferring the land measuring 380.00 sq. mtrs. (vacant land only) out of comprised in Khata Khatoni no. 151/ 86, khasra no.5, measuring 1416. 80 sq. mtrs. Situated at Up-Mohal Kaleston, Tehsil Shimla (U) District Shimla, Himachal Pradesh along with all rights of easement, paths, drainages, air, light, water, sunlight creating a charge/ encumbrance over the property in question by selling the rights of the Complainant to third party. The malice of the respondent is clearly evident from



the fact that vide Annexure C-2 appended at page 33 of the rejoinder dated 14th October, 2017 whereby in order to cheat the Complainants, the respondent has assured time and again that the construction at the site shall commence shortly. The Complainants on the contrary vide Annexure C-3 to C-5 of the rejoinder have time and again requested the respondent to provide possession of the flat, which has been side lined by the respondent for one reason or the other.

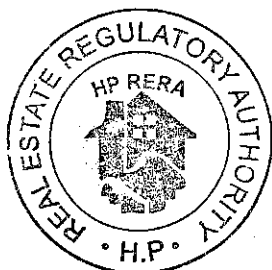
13. The Ld. Arguing Counsel for the Complainants have stressed upon the provisions of Section 2 (za) of the Act, which defines the term and expression "Interest" while arguing the matter. As per the contentions raised by the ld. Counsel, it has been argued that aforesaid Section has two components. Firstly, is the explanation appended to the Section, which 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; (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.” As per the Annexure R-2 of the reply filed by the respondent, it is specifically mentioned at point no. 9 that the Company/ respondent in its absolute discretion may condone the delay by charging penal interest @ 18 % p.a for up to one month delay from the date of payment and @ 24 % p.a. thereafter on all outstanding dues from their respective due dates. The same payment is placed at page no.12 of the reply, where the interest on delayed payment is to be charged @ 24 % under clause (VI)

14. It has been argued herein that considering the facts and circumstances of the case, the provisions of Section 18 (1) of the Act are invocable to hold the respondent(s) liable for refund of amount with interest. Further the Authority has the jurisdiction to order refund of money with interest thereof.

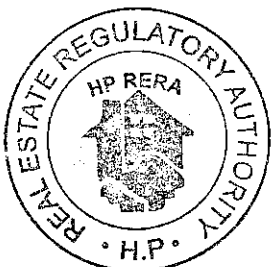
15. The Ld. Counsel Shri Rishi Kaushal for the respondent has presented his case before this Authority by way of filing written submissions arguing that this Authority has no jurisdiction to adjudicate upon the present complaint as the same is beyond the scope of Section 3 (1) of the Act *ibid*. It has been argued herein that since the owner of the property



in question is Smt. Shakuntala Devi has received the aforesaid plot in question, which is around 380 sq. mtrs by way of family settlement dated 03rd May, 2016. Therefore, the provisions of the Real Estate (Regulation & Development) Act, 2016 cannot be made applicable to the respondent. Moreover, the numbers of units as per approved plan are less than eight. Also there is no requisite need for registration of the said property in terms of the Act.

16. Further, the Ld. Counsel has contended specifically that in terms of the claim of the Complainant under Section 14 & 18 of the Act, whereby the refund has been sought from this Authority, the Complainants are themselves at default for making payments timely to the respondent and such their claim is to be decided in view of proviso appended to Section 71 (1) of the Act. The Arguing Counsel has reiterated herein that the jurisdiction to adjudicate the present matter in respect of rate of interest lies with the Adjudicating Officer and not before this Authority.

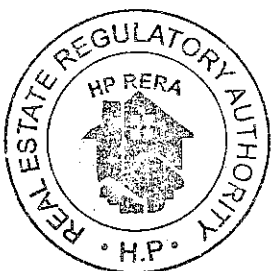
17. To substantiate further, the Ld. Counsel has addressed this Authority by arguing that the proviso to Section 71 (1) of the Act *ibid*, clarifies that the intention of the Statute to discourage any parallel proceedings, but in the present case the Complainant no. 2 in particularly have resorted to the



parallel criminal proceedings by filing the FIR against the respondent Company. Therefore, this Authority cannot overlook the same factum while adjudicating upon the instant matter. The Ld. Counsel has placed reliance upon the judgments of different High Courts including the Hon'ble Supreme Court of India.

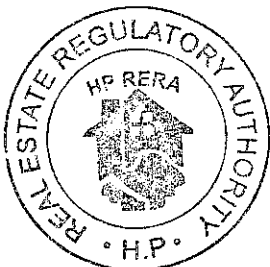
18. In order to substantial claims over the issue deliberated upon, the Ld. Arguing Counsel have relied upon following judicial pronouncements, here as under:-

- a. **Meghmala & Ors. Versus G. Narashima Reddy & Ors. In Civil Appeal Nos. 6656-6657 of 2010 decided on 16th August, 2010 (Para 9):-** *“That the self-same relief two parallel proceedings before the two forums cannot be taken.”*
- b. **Union of India and others versus Cipla Ltd. n Civil Appeal no. 329 of 2005** decided on 21.10.2016, operative part (par 150) :- *“ A Classic example of forum shopping is when a litigant approaches one Court for relief but does not get the desired relief and then approaches another Court for the same relief.”*
- c. **DCM Shriram Industries Ltd. versus HB Stockholdings Ltd. and Ors.** Decided on 28th April, 2014, CO.A (SB) 7/ 2-14 & CA no. 275/ 2014 held



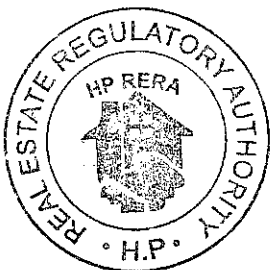
that: - *"The expression "Parallel Proceedings" has not been defined. However, the expression has been used in a sense to describe a set of proceedings that a litigant is proscribed to pursue simultaneously. Such set of proceedings either includes proceedings that are identical in effect or a set of proceedings that are inherently inconsistent so as a pursuit of one, negates the other. In the former case, the proceedings must be similar at least in three respects: 1) the parties, 2) the issues involved and 3) the relief claimed. In cases where proceedings are similar in these material aspects, it is obvious that the result of one would render the others meaningless. In such circumstances permitting parallel proceedings would amount to permitting meaningless litigation. The expression "Parallel proceedings" must mean a set of proceedings which are pursued for identical reliefs, are based on the same cause of action and the subject matter of the disputes is similar."*

- d. That in the matter of **"Bikramjeet Singh versus State of Punjab & ors."** Dated 13th December, 2017 passed by the Real Estate Regulatory, Authority, as relied by the respondent vide Annexure R-3 at page 26



of the reply to the complaint that, *“ Firstly, the alleged violations though commencing before the enforcement of the RERA Act, must be continuing till date; secondly, the alleged violations must also constitute a contravention of the RERA Act and the rules and regulations made thereunder; and thirdly, the issue should not have been decided or be pending in any forum/ Court before approaching this Authority. The order reciprocates as under, “Only, if all the three conditions are fulfilled, and the onus would be on the Complainant to prove these, would any alleged violations, that took place before the coming into force of this Act be considered by this Authority.”*

With the sequel of these judicial pronouncements, the Ld. Counsel has vehemently argued that in the present matter, whereby the Authority sought its own intervention to resolve the entire issue amongst the contesting parties amicably, the Complainants concealed the fact that a complaint under Section 156 (3) Cr. P.C for registration of FIR on the basis of which FIR no. 155/ 2020 under Section 420 of IPC was registered. The Ld. Counsel for the respondent has in alternate argued before us that as per, “Form M” under Rule 23 of the Rules Ibid it has to be



specifically mentioned that it needs to be specifically mentioned by the Complainants that no complaint of such sort is pending before any other Court of Law or other Authority or any other tribunal.”

19. The Ld. Counsel for the respondent promoter has further and more submitted that qua the refund of amount with in principal as of rate of interest @ 18 %, the same is inadmissible in view of the judicial pronouncement passed by the Hon'ble Apex Court in the matter of “**Wg. Cdr. Arifur Rahman Khan and Aleya Sultana & ors. Versus DLF Southern Homes Pvt. Ltd. & Ors.**” Decided on 24.08.2020 held that, “*The impugned NCDRC's judgment and Order dated 02.07.2019 was erroneous and thereby set aside. The Court directed the respondents to pay an amount calculated @ 6 % simple interest per annum to each of the appellants as compensation.*” Therefore, the rate of interest as claimed by the Complainants is not maintainable as argued.

20. The Arguing Counsel for the respondent has then specified the duties of the home buyers under Section 19 of the Act, as specifying that, “*i. Duty to research: - A smart homebuyer is fully aware, conducts full research and background checks on projects and is not easily swayed by*

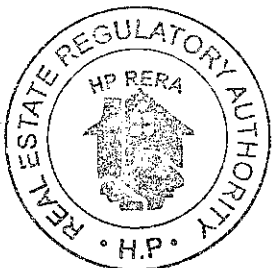


market trends and other marketing tactics. Due Diligence even on projects registered by RERA is a must as RERA has definitely brought in more accountability and transparency but precaution is always better than regret later.

ii. *Duty to make payments:* Every homebuyer, who has entered into an agreement for sale to take a property, has the responsibility to make necessary payments within the specified time and place in the agreement for sale which includes registration charges, municipal taxes, water and electricity charges, maintenance charges, ground rent etc.

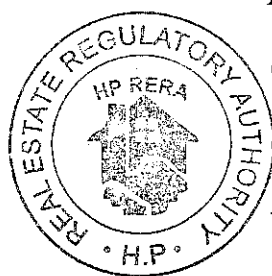
iii. *Duty to pay interest:-* The homebuyers have the duty to pay interest for any delay in payment towards any amount to be paid.”

21. **REBUTTAL:** The entire issue in matter has been vehemently argued by the contesting parties. The Ld. Counsel for the Complainants have rebutted the stance of the respondent by arguing before this Authority that the respondent promoter is the owner in possession of 1416 sq. mtrs of land, which is evident from Annexure R/ B at page no.17 of the written submissions and synopsis of the respondent. Furthermore, the same written synopsis at page 19 clearly specifies at 2.1 that presently there are four towers that are presently being constructed in the said land



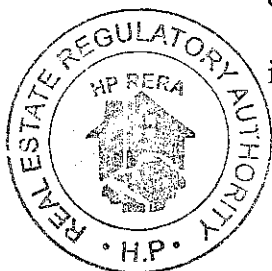
wherein the owner has represented and warranted to the Developer herein that first three towers are approved from the competent authority and the approval of the fourth tower has been applied on 12th May, 2014. However, later on, in the family settlement he has transferred a part of this land to his wife, his mother etc. Thus, in the present case, it is very clear that the respondent being owner of 1416 sq. mtrs. of land at up Muhal Kellastan had executed a joint development agreement with Rajdeep and Co. Therefore, the provisions of Section 3 (2) (a) are duly applicable in the present case.

22. It has been rebutted by the Ld. Counsel for the Complainants that his case is fairly governed under the statutory provisions of Section 18 and not Section 71 as the Complainants have not claimed any compensation. Therefore, the provisions of Section 71 of the Act are not attracted in the present case. It has been further argued that the respondent has grossly violated the provisions of Section 13 of the Act *ibid*. As per Section 13 (1) of the Act, *A promoter shall not accept a sum more than ten per cent of the cost of the apartment, plot, or building as the case may be, as an advance payment or an application fee, from a person without first entering into a written agreement for sale with*



such person and register the said agreement for sale, under any law for the time being in force. But in the instant case, the respondent promoter had taken the payment beyond 10 percent and has not executed any agreement for sale till date with the complainants. Further, there is violation of Section 15 of the Act at the end of the respondent. The Ld. Counsel for the Complainants submitted that Section 15 specifically bars the promoter to not transfer or assign his majority rights and liabilities in respect of a real estate project to a third party without obtaining prior written consent from two-third allottees, except the promoter, and without the prior written approval of the Authority. But in the instant case, the respondent promoter has entered into a joint development agreement and transferred the rights of the allottees in favour of third party without obtaining any prior consent of the complainants or this Authority.

23. The Ld. Counsel for the Complainants has further submitted that there is no possibility of the completion of the project at Block-D. Therefore, the complainants are duly entitled for the refund of the entire amount along with interest.



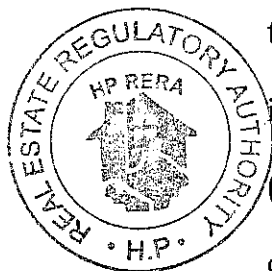
24. CONCLUSION/ FINDINGS OF THE AUTHORITY:-

We have heard the arguments advanced by the Ld. Counsels for the Complainant & respondents and perused the record pertaining to the case. We have duly considered the entire submissions and contentions submitted before us during the course of arguments. This Authority is of the view that there are five issues that requires the consideration and adjudication, namely:-

- A. Applicability of the Act.
- B. Jurisdiction of the Authority.
- C. Whether the Complainant is entitled to get the refund of the money along with interest or not?
- D. By whom the refund of money along with interest is to be paid?
- E. Other Issues and directions including imposition of Penalty.

25. A. Applicability of the Act.

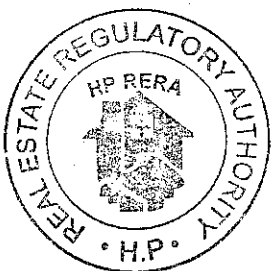
The Ld. Counsel for the respondents have made a written submissions and while making arguments, have stressed that in the present case the plot size is 380 sq. mtrs., which is less than 500 sq. mtrs, therefore, the Real Estate (Regulation Development) Act 2016 is not applicable in this case. He based his arguments, in view of the provisions of



Section 3 of the Act. Section 3 of the Act provides that no registration of a Real Estate project will be required where the area of land proposed to be developed does not exceed 500 sq. mtrs. In the present case, respondent no. 2 Shri Rajdeep Sharma, one of the promoter owned 1416 sq. mts. of land in up Muhal Kallestan ,as per revenue record of 2013-14. However, later on, in the family settlement he has transferred a part of this land to his mother, respondent no.3 in the present case. This is clear from the copy of agreement dated 11th August, 2016, supplied by the respondent with his written submissions at pages 28 to 305. At page 2 of the agreement, it is mentioned that:-

“And whereas the first party was the owner of land comprised in Khata Khatoni No 151/186, Khasra No-5, measuring 1416.80 Sq. Mts situated at Up Muhal Kalleston, Tehsil Shimla (U), District Shimla Himachal Pradesh and at the time of ownership the first party has executed Joint Development agreement with M/S RAJDEEP AND COMPANY INFRASTRUCTURE PRIVATE LIMITED (PAN No. KAAFCR67444Q) a Private Limited Company having its registered office at 2694, Sector-23 Chandigarh”.

Thus, in the present case, it is very clear that respondent no.2, Shri Rajdeep Sharma, being owner of 1416 sq. mtrs.

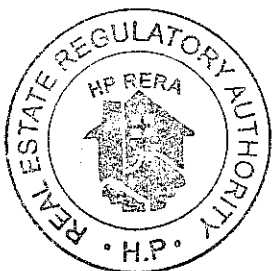


of land at up Muhal Kellastan had executed a joint development agreement with respondent no.1, i.e. Rajdeep and Co. The joint development agreement dated 16th June, 2014 is registered in the office of Sub Registrar, Solan and copy is placed as Ann-R-A of the written submissions, filed by the respondent. The respondent Company has developed Block A, B, C and D of this project. The only change that has taken place later on is that respondent no2. Sh Rajdeep Sharma has transferred ownership of some part of land to his mother and wife.

26. The proviso to Section 3 (2) (a) of the Act reads as follows:

“Where the area of land proposed to be developed does not exceed five hundred square meters or the number of apartments proposed to be developed does not exceed eight inclusive of all phases”.

Thus, any project which has an area more than 500 sq. mtrs. including of all phases is to be registered under RERA. It does not matter whether the ownership of land of the project, belongs to one person or more than one person. In the present case, the total area of full project being developed by respondent no.1 M/S Rajdeep and Company Infrastructure Ltd is 1416 sq. mtrs. Therefore, the project is fully covered under the provisions Act. This is also clear out

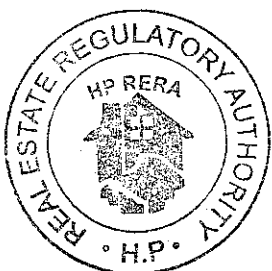


of the fact that respondent no.2 Shri Rajdeep Sharma has applied for the registration of the project with the Authority on 10th February 2020 as evenly submitted during the course of arguments by the Complainant's Counsel. Even till today the observations conveyed to the respondent(s) by this Authority remains unattended, for which the Authority finds willful default at the end of the respondent and in contravention of Section 3 of the Act *ibid* for which suitable action is warranted against the respondent as per the provisions of the Act *ibid*. Thus, the Act is applicable on the present project and Complainants are fully authorized to file the present complaint. The respondent Company M/S Rajdeep and Co. Infrastructure Ltd as well as the owners of the land is jointly promoters in the present case.

Further, the respondent in para-5 of his reply has stated as follows:

"That present case is squarely covered by the findings of this present Authority in the Bikramjit and ors. (Complainants) versus M/s H.P. Singh and ors., in which it has clearly laid down three conditions that must be fulfilled for such complaints to be considered by it".

We have gone through the above cited order, which has been enclosed with the reply. Firstly, the order is not of



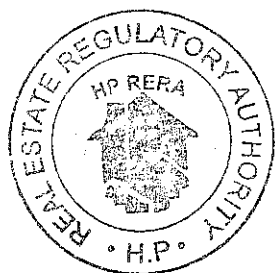
Himachal RERA but of the RERA Punjab. Secondly, the facts of that case are very different then of the present case. In that case, the allegation was about the violation of provisions of Punjab Apartment and Property (Regulation ACT) 1996. Thus, that case is not relevant in adjudicating the present case.

27. B. Jurisdiction of the Authority.

The respondent in his written submission has argued that the claim of the complainant is under Section-18 of the Act, hence the Authority does not have jurisdiction in the case. The case is to be decided by the Adjudicating Officer. He has also quoted the following judgments of Hon. SC in para 3 of his submissions-

“The latest judgments further supporting the said provisions of the law and law laid down by the Hon’ble Apex court, where the Hon’ble Apex court clearly held that 4 Parallel Proceedings before the two forums cannot taken as held. The relevant parts of the Judgments passed by Hon’ble Court have already been discussed in para 18 of the order supra.

We have gone through the above case laws in detail. The first case law is Supreme Court India in **Meghmala & Ors. Versus G. Narashima Reddy & Ors. In Civil Appeal Nos.**

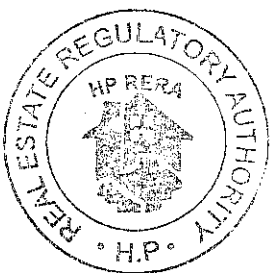


6656-6657 of 2010 decided on 16th August, 2010 (Para 9). In that case litigant had completed several rounds before the Hon'ble High Court. Therefore, the review petition was not considered maintainable. In the present case there exist no such circumstances.

The second case quoted is of '**Union of India and others versus Cipla Ltd. in Civil Appeal no. 329 of 2005**' decided on 21.10.2016, operative part (par 150), The respondent has referred to para- 150 of Forum Shopping, where Solicitor General had brought to the notice of SC, that Cipla had filed petition in the Bombay High Court, The Karnataka High Court and also an affidavit in the Delhi High Court.

In the present case, no such instance has been quoted by the respondent that the complainant has filed, any other petition on the similar grounds in other court.

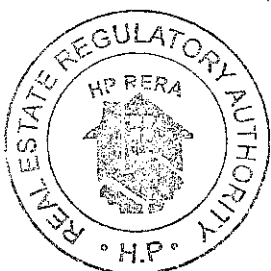
The respondent has also quoted the verdict of Hon'ble Delhi High Court in '**DCM Shriram Industries Ltd. versus HB Stockholdings Ltd. and Ors.**' Decided on 28th April, 2014, CO.A (SB) 7/ 2-14. In that case, it was contended by the Appellant that respondent no-1 was barred from perusing the petition before the Company Law Board as, some proceedings were going on before the SEBI. The court concluded that proceedings with SEBI will not prevent



respondent to peruse his petitions before the Company Law Board. Thus, the facts of the case quoted by Ld. Respondent are different from the present case. Further, Section-88 of the Act makes, it very clear 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.

On the issue of whether the issue of parallel proceedings apply in the present case or not as argued by the respondent's Counsel at length by relying upon the judicial pronouncements of the Hon'ble Apex Court, we do not find merits in his submission that a criminal case under Section 420 Indian Penal Code has been registered by the Complainant no.2 during the pendency of this matter before this Authority, which is in fact an issue of parallel proceedings unwarranted by Law. To adjudicate upon this very issue, this Authority relies upon the judicial pronouncements of the Hon'ble Apex Court. In **Sh. Vishnu Dutt Sharma Vs. Smt. Daya Sapra; (2009)13SCC 729** the Apex Court has held that:

"13. It is, however, well-settled that in a given case, civil proceedings and criminal proceedings can proceed simultaneously. Whether civil proceedings or criminal,

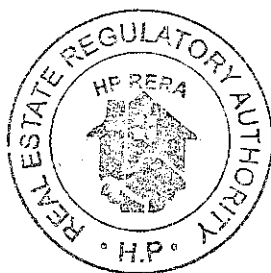


proceedings shall be stayed depends upon the fact and circumstances of each case."

In Kishan Singh (D) through I.Rs. Vs. Gurpal Singh and others; AIR 2010 SC 3624, the Hon'ble Supreme Court relying on the law laid down in P. Swaroopa Rani v. M. Hari Narayana alias Hari Babu; AIR 2008 SC 1884 has held as under :

"It is, however, well settled that in a given case, civil proceedings and Criminal proceedings can proceed simultaneously. Whether civil proceedings or criminal proceedings shall be stayed depends upon the fact and circumstances of each case. Filing of an independent criminal proceeding, although initiated in terms of some observations made by the civil court, is not barred under any statute.... It goes without saying that the respondent shall be at liberty to take recourse to such a remedy which is available to him in law. We have interfered with the impugned order only because in law simultaneous proceedings of a civil and a criminal case is permissible."

In Trisuns Chemical Industry v. Rajesh Agarwal : AIR 1999 SC 3499, it was held that merely because an act has



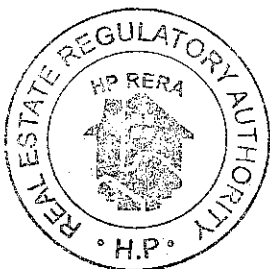
a civil profile is not sufficient to denude it of its criminal outfit. The Apex Court further held as follows:

"We are unable to appreciate the reasoning that the provision incorporated in the agreement for referring the disputes to arbitration is an effective substitute for a criminal prosecution when the disputed act is an offence. Arbitration is a remedy for affording reliefs to the party affected by breach of the agreement but the arbitrator cannot conduct a trial of any act which amounted to an offence albeit the same act may be connected with the discharge of any function under the agreement. Hence, those are not good reasons for the High Court to axe down the complaint at the threshold itself".

In Syed Askari Hadi Ali Augustine Imam v. State (Delhi Admn.), reported in (2009) 5 SCC 528, the Supreme Court has held that:

"Indisputably, in a given case, a civil proceeding as also a criminal proceeding may proceed simultaneously. Cognizance in a criminal proceeding can be taken by the criminal court upon arriving at the satisfaction that there exists a prima facie case."

In Devendra & Ors v. State of U.P. & Another [(2009) 7 SCC 495], it is held:



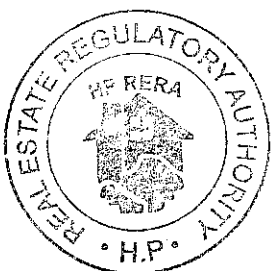
“There cannot, however, be any doubt or dispute whatsoever that in a given case a civil suit as also a criminal proceeding would be maintainable. They can run simultaneously. Result in one proceeding would not be binding on the court determining the issue before it in another proceeding.”

In **2009 (4) SCC 439** in case titled **Mahesh Chowdhary v State of Rajasthan**, it is held as under:-

“----- Although allegations contained in the complaint petition may disclose a civil dispute, the same by itself may not be a ground to hold that the criminal proceedings should not be allowed to continue. For the purpose of exercising its jurisdiction, the superior courts are also required to consider as to whether the allegations made in the FIR or Complaint Petition fulfills the ingredients of the offences alleged against the accused.”

In **Kamaladevi Agarwal vs. State of W.B. & ors. [(2002) 1 SCC 555]**, this Court opined:

“7. This Court has consistently held that the revisional or inherent powers of quashing the proceedings at the initial stage should be exercised sparingly and only where the allegations made in the complaint or the FIR, even if taken at the face value and accepted in entirety, do not prima facie disclose the commission of an offence. Disputed and



controversial facts cannot be made the basis for the exercise of the jurisdiction." It was furthermore observed that the High Court should be slow in interfering with the proceedings at the initial stage and that merely because the nature of the dispute is primarily of a civil nature, the criminal prosecution cannot be quashed because in cases of forgery and fraud there would always be some element of civil nature.

28. Section 31 of the Act prescribes that any aggrieved person can file a Complaint before the Authority or the Adjudicating Officer as the case may be for any violation of the provisions of the Act. Thus this Section provides that a separate Complaint be lodged with the Authority and the Adjudicating Officer, "as the case may be." Accordingly Rule 23 of the Himachal Pradesh Real Estate (Regulation and Development) Rules 2017 provides the procedure of filing Complaint with the Authority and prescribes 'Form M' for filing a Complaint. In this case, the Complainant has filed the Complaint in 'Form-M.'

The Section 34 (f) of the Act prescribes that the function of Authority shall include



“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 there under”.

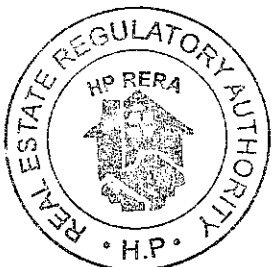
Section 11(4) (a) of the Act prescribes as follows:

The promoter shall—

“be responsible for all obligations, responsibilities and functions under the provisions of this Act or the Rules and regulations made there under of allottees as per the agreement for sale, or to the association of allottees, as the case may be, till the conveyance of all the apartments, plots or buildings as the case may be to the allottees, or the common areas to the association of allottees or the competent Authority as the case may be: Provided that the responsibility of the promoter, with respect to the structural defect or any other defect for such period as is referred to in sub-Section (3) of Section 14, shall continue even after the conveyance deed of all the apartments, plots or buildings, as the case may be, to the allottees are executed.”

Section 19 (4) of the Act provides as under:

“The allottee shall be entitled to claim the refund of amount paid along with interest at such rate as may be prescribed

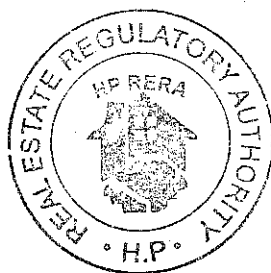


and compensation in the manner as provided under this Act, from the promoter, if the promoter fails to comply or is unable to give possession of the apartment, plot or building, as the case may be in accordance with the terms of agreement for sale or due to discontinuance of his business as a developer on account of suspension or revocation of his registration under the provisions of this Act or the Rules or regulations made there under.”

Further Section 38 (1) of the Act says

“The Authority shall have powers to impose penalty or interest, in regard to any contravention of obligations cast upon the promoters, the allottees and the real estate agents, under this Act or the Rules and the regulations made there under.”

Thus the Section 34(f) of the Act empowers the Authority to ensure compliance of the obligations cast upon the promoters and Section 11(4) (a) (Supra) cast obligation on the promoter to implement “agreement for sale”. Further, Section 37 of the Act empowers the Authority to issue directions in discharge of its function provided under the Act. The Authority also has power to impose penalties under Section 59 to 63 for various contraventions of the

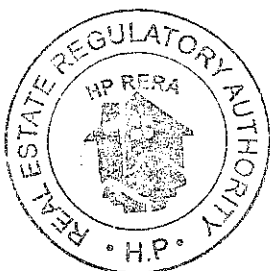


provisions of the Act. Moreover, Section 38 (1) of the Act in unambiguous terms empowers the Authority to impose 'penalty or interest.'

Thus from the reading of the above provisions of the Act, it is very clear that the Authority has power to adjudicate various matters, including refund and interest under Section 18 of the Act whereas the compensation is to be adjudged by the Adjudicating Officer under Section 71 of the Act *ibid*.

29. C. Whether the Complainant is entitled to get the refund of the money along with interest or not

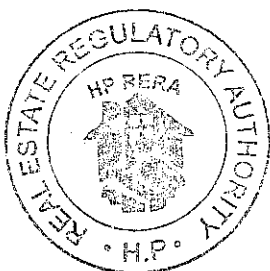
Coming to the question that whether the Complainant is entitled for the relief of refund of amount of Rs. Eleven lakhs Twelve thousand and five hundred (Rs. 11, 12, 500/-) along with interest, under provisions of the Act and the Rules made there under. The Complainants in the present case had booked a residential apartment with the respondent no.1. It is *per se* admissible from the perusal of the record placed before us in shape of pleadings including the copy of Complaint, application for filing additional documents, reply on behalf of respondent promoter and rejoinder thereof that the respondent bounded himself to



complete the construction work and hand over possession of the apartment to the Complainant in a phased manner from the date of issuance of the allotment letter dated 21st August, 2015 the respondent has failed to do so and none of the reasons given by the respondent promoter are justified.

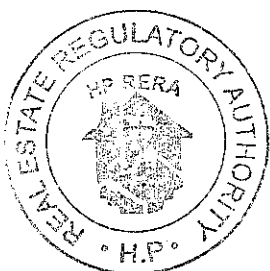
30. This Authority while adjudicating upon the issue of refund is guided by the judgment of the Hon'ble Apex Court in Civil Appeal nos. 3207-3208 of 2019 titled as "Marvel Omega Builders Pvt. Ltd. versus Shrihari Gokhale and anr." Dated 30.07.2019, whereby the Hon'ble Court under para 10 has observed as under,

"10.The facts on record clearly indicate that as against the total consideration of Rs.8.31 crores, the Respondents had paid Rs.8.14 crores by November, 2013. Though the Appellants had undertaken to complete the villa by 31.12.2014, they failed to discharge the obligation. As late as on 28.05.2014, the Revised Construction Schedule had shown the date of delivery of possession to be October, 2014. There was, thus, total failure on part of the Appellants and they were deficient in rendering service in terms of the obligations that they had undertaken. Even assuming that the villa is now ready for occupation (as asserted by the



Appellants), the delay of almost five years is a crucial factor and the bargain cannot now be imposed upon the Respondents. The Respondents were, therefore, justified in seeking refund of the amounts that they had deposited with reasonable interest on said deposited amount. The findings rendered by the Commission cannot therefore be said to be incorrect or unreasonable on any count." The Complainants is therefore entitled to refund of amount in the present case due to delayed delivery of possession. The arguing Counsel for the Complainants has further argued and submitted before this Authority that the payments that were advanced to the respondent have not been denied by the respondent.

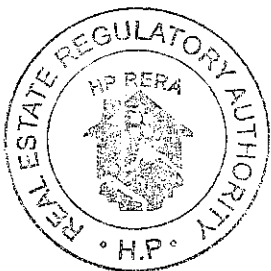
31. In the present case, there exist, clear and valid reasons for holding down the flat buying Complainant(s) are entitled to refund. There has been a breach on the part of the developer/promoter/ respondent in complying with the contractual obligation to hand over possession of the flats after issuance of allotment letter dated 21st August, 2015. The failure of the respondent promoter to hand over possession amounts to contravention of the provisions of the Real Estate (Regulation & Development) Act, 2016. The respondent promoter failed miserably in fulfilling all obligations as stipulated in Section 11 read with Section 14



of the Act *ibid*. There has been a gross delay on the part of the Respondent promoters in completing construction for almost five years. Having paid a substantial amount of the consideration price to the respondent being required to service the debt towards loan installments the purchaser is unable to obtain possession of that flat as the same has not been constructed even after such a long period which is the subject matter of present case.

32. The flat purchasers/ Complainants invested hard earned money. It is only reasonable to presume that the next logical step is for the purchaser to perfect the title to the premises which have been allotted under the terms of the allotment letter dated 21st August, 2015. But the submission of the respondents jointly and severally due to their own issues cannot abrogate and take away the rights of the Complainants under the Act *ibid*. We do not find any substance in the pleas raised by Ld. Counsel for the respondent thereof.

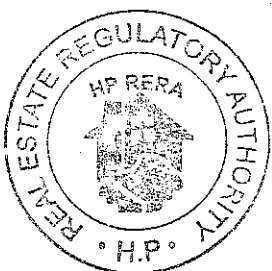
33. In the present case the Complainant(s) have paid Rs. Eleven lakhs Twelve thousand and five hundred (Rs. 11, 12, 500/-) and has asked for the refund due to inordinate delay of possession of the flat. The Hon'ble Supreme Court in case "*Pioneer Urban Land and Infrastructure Ltd. versus*



Govindan Raghavan, 2019 SCC Online SC 458, has held that the inordinate delay in handing of the flat clearly amounts to deficiency of service. The Apex Court further held that a person cannot be made to wait indefinitely for possession of the flat allotted to him and is entitled to seek refund of the amount paid by him.

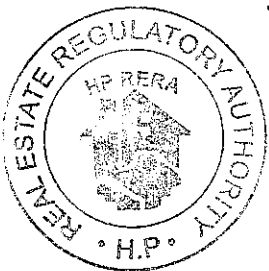
34. In the present case there is an inordinate delay of 5 years in the delivery of the flat. Further, as per the site inspection report of the Municipal Corporation, Shimla dated 17th February, 2020 carried out at the instance of this Authority showing the physical status of the building/flats clearly show that the construction activities at the site are almost negligible. Therefore, there is no option with the Authority but to order the refund of the amount of Eleven lakhs Twelve thousand and five hundred (Rs. 11, 12, 500/-)

35. The issue is about the interest that the Complainant has sought before this Authority in addition to refund of amount. The Hon'ble Bombay High Court in the landmark judgement of "*Neel Kamal realtors*" in para 261 of judgment has held that "*In my opinion Section 18 is compensatory in nature and not penal. The promoter is in effect constructing the apartments for the allottees. The allottees make payment from time to time. Under the provisions of RERA, 70% amount*



is to be deposited in a designated bank account which covers the cost of construction and the land cost and has to be utilized only for that purpose. Interest accrued thereon is credited in that account. Under the provisions of RERA, 30% amount paid by the allottees is enjoyed and used by the promoter. It is, therefore, not unreasonable to require the promoter to pay interest to the allottees whose money it is when the project is delayed beyond the contractual agreed period.....” The Hon’ble Supreme Court in “Pioneer urban land & infrastructure case” has also held that the flat purchaser is entitled to get refund of the entire amount deposited by him with interest.” Thus, the Complainant is entitled to get interest as prescribed as per the Section 18 of the Act read with rule 15 of Himachal Pradesh Real Estate (Regulation and Development) Rules, 2017 that clearly states that the rate of interest payable by the promoter to allottee or by the allottee to the promoter, as the case may be, shall be the highest marginal cost of lending rate of SBI, plus two percent.

36. This Authority while considering the implication of the judgment of the Hon’ble Apex Court in the matter of “**Wg. Cdr. Arifur Rahman Khan and Aleya Sultana & ors. Versus DLF Southern Homes Pvt. Ltd. & Ors.**” As relied



upon by the respondents Counsel during his course of arguments, it is clearly provided by the aforesaid judgment that the payment of amount was calculated @ 6 % simple interest per annum to each appellant as compensation. In the present case this Authority is not concerned about the issue of compensation but the refund of amount along with interest. Therefore, the present judgment is not applicable under the present set of facts and circumstances.

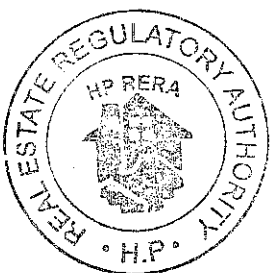
37. D. By whom the refund of money along with interest is to be paid?

In order to provide refund along with interest as claimed by the Complainants, it becomes important to adjudicate the fact that whether respondent fall within the ambit of definition of promoter under Section 2 (zk) of the Act ibid or not?

Section 2 (zk) defines the term 'promoter' as:-

"Promoter" means,—

(i) a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his assignees; or



(ii) a person who develops land into a project, whether or not the person also constructs structures on any of the plots, for the purpose of selling to other persons all or some of the plots in the said project, whether with or without structures thereon; or

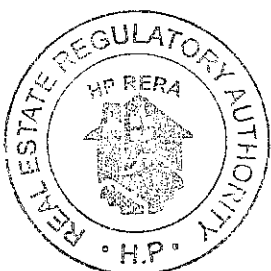
(iii) Any development Authority or any other public body in respect of allottees of—

(a) Buildings or apartments, as the case may be, constructed by such Authority or body on lands owned by them or placed at their disposal by the Government; or

(b) plots owned by such Authority or body or placed at their disposal by the Government, for the purpose of selling all or some of the apartments or plots; or

(iv) an apex State level co-operative housing finance society and a primary co-operative housing society which constructs apartments or buildings for its Members or in respect of the allottees of such apartments or buildings; or

(v) any other person who Acts himself as a builder, coloniser, contractor, developer, estate developer or by any other name or claims to be Acting as the holder of a power of attorney from the owner of the land on which the building or apartment is constructed or plot is developed for sale; or

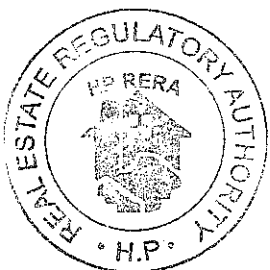


(vi) Such other person who constructs any building or apartment for sale to the general public.

Explanation.—For the purposes of this clause, where the person who constructs or converts a building into apartments or develops a plot for sale and the persons who sells apartments or plots are different persons, both of them shall be deemed to be the promoters and shall be jointly liable as such for the functions and responsibilities specified, under this Act or the rules and regulations made there under.”

This Authority is primarily concerned with the protection of the interests of the Complainants/ Allottees. Thus keeping in view all the above facts, particularly that the respondent has declared himself as promoter of the project registered with the Authority, we have no reasons, not to accept that Respondent no.1 & 2 are Promoters.

38. The Authority, on the basis of the documents, pleadings and contents of the definition of promoter as detailed in Section 2 (zk), is of firm opinion that the Respondent fall under the ambit of “Promoter” and all obligations as prescribed in Section 11 of the Act read with other relevant provisions of The Real Estate (Regulation & Development) Act 2016 read with the Himachal Pradesh Real Estate

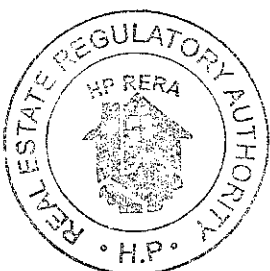


(Regulation & Development) Rules 2017, are to be fulfilled jointly and severally by them.

39. That the respondent No. 1 M/S Rajdeep & Company Infra Private Limited and respondent No. 2 Shri Rajdeep Sharma had vested interest in the project by entering into an Joint Development Agreement dated 16.5.2014, whereas the owner Shri Rajdeep Sharma as represented and warranted to the developer the company mentioned above who is developing the said property and has a clear and unencumbered title to the said property measuring 1416.80 sq. meters at Bharari situated at Upmohal Kaleston under the ownership of respondent No. 2. As per following clauses:-

“(B) Further the owner Shri Rajdeep Sharma represented, confirmed and assured to the developer the respondent No. 1 the entire payment of the said property has been made by it while purchasing and he has not entered into any agreement to sell or joint venture or Joint Development Agreement or agreement of any kind in respect of the said property.

(E) The developer shall have the absolute rights to deal with the said property without any difference there in by the



owner and developer shall be fully competent to take decision in respect of the present transaction.

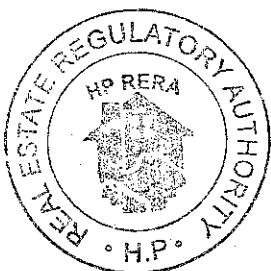
(F) The owner has further granted and assigned in perpetuity all its rights to develop and construct and sell flats on the said property.

(2.2) In pursuance of having developer being granted absolute rights of development of the project as aforesaid the developer shall also be entitled to execute the sale deeds in respect of all said flats in favour of the respective allottees.

(2.3) The income tax including any capital gains or loss shall be accounted individually from both the parties out of their share of revenue itself.

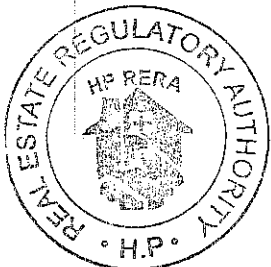
(2.5) All the payments from the allottees of the flats in respect of the flats in respect of project will be taken by the developer in their bank account number 3342843393 with Central Bank of India Dera Bassi.

(2.7) The consideration from the grant of the present development and sale rights have been settled amongst the parties as owner has become 30% shareholder in the developer company.



(4.1) Thus the entire land has been transferred to company respondent no 1 for consideration of 30% shareholding of the company by respondent no 2.”

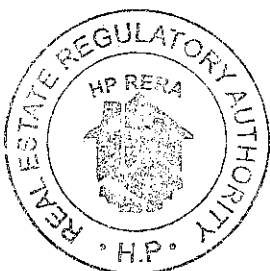
The respondent no. 1 is a developer of the project including block D as per the clauses mentioned in the joint development agreement dated 16.05.2014 entered into between respondent No. 1& 2. Respondent No. 1 through is authorized signatory has issued allotment of apartment unit in Claridges Residency Shimla regarding the flat in question. In view of the Authority the respondent no 1 is the promoter and the developer as well and respondent no 2 also is a promoter as he has purchased land of measuring 1416 sq.ft. for the development of the project and has been developing the project including block-D. In view of the Authority, respondent no.1 is a promoter under Section 2 (zk) of the Act as respondent no.1 & 2 intended to develop the project for the purpose of selling second floor (3 BHK) flat to the Complainant in the instant case in the said project whether with or without structures thereon. The expression for the purpose of selling with or without structures' encompasses respondent no.1 as the Land developer and duly covered under the definition of Section 2 (zk) and promoter as well as respondent no. 2 also. Thus all



dealing of respondent no 1 & 2 in the light of definition of the promoters as prescribed in section 2 (zk) (i) (ii) & (v) read with the explanation in Real Estate (Regulation & Development) Act, 2016 clearly put them as promoters in the present complaint.

Therefore, all the respondents are liable to refund the amount along with interest to the Complainants, being promoters under the purview of the definition of the Act, the liability of which is joint and several.

40. That the role of respondent no. 3 Smt. Smt. Shakuntala Devi, W/O Shri Sansar Chand Sharma, who is mother of respondent no.2 also holds herself liable as promoter. As per the agreement dated 11th August, 2016 (appended at Annexure R/C at page 28 of the written synopsis of the respondent), it is clearly provided that, " After execution of the Joint Development Agreement, the respondent no.2 has transferred the land comprising in Khasra no. 5/ 2 measuring 380 sq. mtrs. in the name of respondent no.3, i.e. Smt. Shakuntala Devi, land comprised in Khasra no. 5/4, measuring 380 sq. mtrs. and Khasra no. 5/3 measuring 190 sq. mtrs. at Mohal Keleston, Tehsil and District Shimla, HP by way of family settlement." The respondent no.3 further by way of family settlement



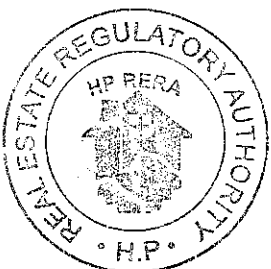
transferred 190 sq. mtrs. of land in favour of her son Shri Manoj Kumar, she became the absolute owner of Khasra no. 5/2/2 measuring 190 sq. mtrs. Interestingly, the aforesaid agreement dated 11th August, 2016 have been made in addition to joint development agreement dated 16th June, 2016 whereby the respondents bounded themselves to revenue sharing for construction and selling of apartments.

41. Keeping in view the above said developments it is evident that respondent no 3 comes under the ambit of definition of promoter of the project in block D. Therefore in light of the definition of the promoter, as prescribed in section 2(zk) of the Act. Smt. Shakuntala Devi, respondent no 3 is also a promoter in respect of Block C of the project.

42. E. Other Issues and directions including imposition of Penalty.

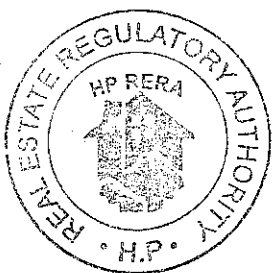
The Respondent Promoters have not shown any sincerity in delivering to them possession of the flat booked by the Complainants and all these while were busy protecting their commercial interests to satisfy their greed for more money.

The Authority is of this firm view that the Respondents have done an Act of fraud on them and forced them to run from pillar to post to recover their hard earned money and for the



same these Respondent Promoter must be held accountable and penalised under Section 61 of the Act *ibid* for their failure to fulfil their obligations as promoter as prescribed in Section 11 and 14 of the Act *ibid* which should Act as a deterrent for all the Respondent Promoter for repeating such Act with any other allottee/ prospective buyer in future in any of their existing or proposed real estate projects in future. In this case, there are glaring violations of Section 11 & 14 of the Act *ibid*, committed by the Respondent Promoter that calls for imposition of a penalty under Section 61.

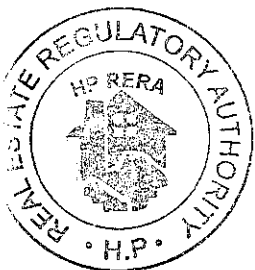
43. The plea that the respondent promoter is squarely covered by '*force majeure*' on the account of dismissal of retention policy by the Hon'ble High Court of Himachal Pradesh in CWP no. 612 of 2017 vide its judgment dated 22nd December, 2017, whereby the respondent had applied for regularization of block D and pending approvals with the Municipal Corporation, Shimla and further matter being sub-judiced before the Hon'ble High Court in a review petition, this Authority declines to agree with the respondent. This Authority has already sought a query regarding the plea of '*force majeure*' from the respondent in view of terms of explanation appended to Section 6 of the



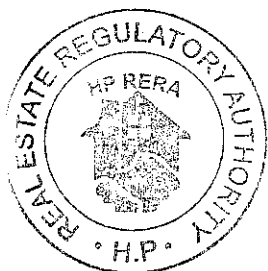
Act *ibid*, which defines the expression '*force majeure*'. The plea that the project of the respondent could not be completed on account of pending permissions with the competent authority cannot be said to construe as '*force majeure*' as the same is beyond the scope and purview of the aforesaid expression. Further the respondents have expressly violated the statutory provisions of Section 14 of the Act *ibid*, which clearly postulates that, "*the proposed project shall be developed and completed by the promoter in accordance with the sanctioned plans, layout plans and specifications as approved by the competent authorities.*"

44. The Hon'ble Apex Court in **Writ Petition (C) no. 940 of 2017 along with connected matters titled as "Bikram Chatterji & ors. Versus Union of India & ors."** *Vide its judgment dated 23rd July, 2019* has observed as under:-

"Para 141. It goes to indicate how at large-scale middle-class home buyers have been defrauded of their hard-earned money, taken away by the affluents and the officials in connivance with each other. Law has to book all of them. We are hopeful that law will spread its tentacular octave to catch all culprits responsible for such kind of fraud causing deprivation to home buyers. It is shocking and surprising that so many projects have remained incomplete. Several



lakhs of home buyers have been cheated. As if there is no machinery of law left to take care of such situation and no fear left with the promoters/builders that such acts are not perceivable in a civilised society. Accountability is must on the part of everybody, every institution and in every activity. We fail to understand the standard of observance of the duties by public authorities has gone so down that such frauds take place openly, blatantly, and whatever legal rights exist only on papers and people can be cheated on such wide scale openly, brazenly and with the knowledge of all concerned. There is duty enjoined under the RERA, there has to be a Central Advisory Council as well as the role of the State Government is not ousted in order to protect against such frauds. We direct the Central Government and the State Government to take appropriate steps on the time-bound basis to do the needful, all other such cases where the projects have remained incomplete and home buyers have been cheated in an aforesaid manner, it should be ensured that they are provided houses. The home buyers cannot be made to suffer when we are governed by law and have protective machinery. Question is of will power to extend the clutches of law to do the needful. We hope and trust that

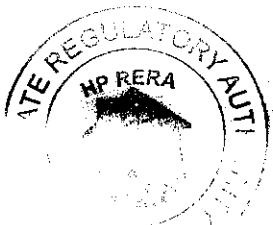
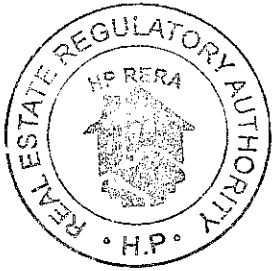


hope and expectation of home buyers are not going to be belied."

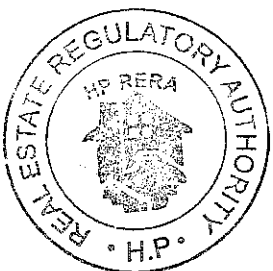
45. **RELIEF:-**

Keeping in view the above mentioned facts, this Authority in exercise of power vested in under various provisions of the Act issues the following orders/directions:

- i. The Complaint is allowed and the Respondents promoters are directed to refund a sum of Rs. Eleven lakhs Twelve thousand and five hundred (Rs. 11, 12, 500/-) along with interest at the SBI highest marginal cost of lending rate plus 2 % as prescribed under Rule 15 of the Himachal Pradesh Real Estate (Regulation & Development) Rules 2017. The present highest MCLR of SBI is 7.3 % hence the rate of interest would be 7.3 % + 2 % i.e. 9.3%. It is clarified that the interest shall be payable from the dates on which different payments were made by the Complainants to the respondents no. 1 to 3.
- ii. The refund along with interest is to be paid by the respondent promoters' no.1 to 3 jointly and severally to the Complainant within 60 days from the date of this order.
- iii. That Section 61 of the Act prescribes the maximum penalty that could be imposed for the contravention of any other provision of the Act other than Section 3 and 4, as five

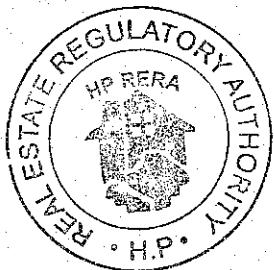


percent of the total cost of the project. The total estimated cost of the project in this case, when calculated on the basis of average price of Rs. Forty lakhs for the six flats on the lower three floors of the block 'A', average price of Rs. 80 Lakhs for the two flats on the top floor with attic of block A', four flats of block 'C' at an average price of Rs. 68 Lakhs and approximately Rs. Thirty Two Lakhs for the RCC frame and site development of Block 'D' comes to approx. Rs. 7.04 Crores and a penalty at a rate of five percent of the total estimated cost works to Rs. Thirty five lakhs and twenty thousand. The Authority, considering all facts of the case, deems appropriate to impose a penalty amounting to Rs. Three Lakhs under Section 61, 69 read with Section 38 of the Real Estate (Regulation & Development) Act, 2016 on the respondent promoters 1 to 3 for failing to meet their obligations as prescribed under Section 11 and 14 of the Act *ibid*. The penalty imposed shall be borne jointly and severally by the respondent promoters 1 to 3 and shall be deposited in the bank account of this Authority, operative in the name of "Himachal Pradesh Real Estate Regulatory Authority Fund" bearing account no. "39624498226", in State Bank of India, HP Secretariat Branch, Shimla, having IFSC Code SBIN0050204, within a period of two months



failing which the amount of penalty shall be enhanced to Rs. Six lakhs.

- iv. Non-compliance or any delay in compliance of the above directions shall further attract penalty and interest on the ordered amount of refund under Section 63 and Section 38 of the Act *ibid*, apart from any other action of the Authority may take under Section 40 or other relevant provisions of the Act.
- v. It is further ordered that the respondents are barred from selling/leasing/allotting/booking any remaining flats/land in the present project or any of their projects in Himachal Pradesh, till the compliance of this order. Further, no withdrawals from the bank account of the projects to be made till payment as ordered are made to the complainants and penalty is deposited into the account of Authority. Further, there shall not be any alienation of any movable and immovable assets of this project and any other project of the respondents in HP, till compliance of this order.
- vi. All the respondent promoters are directed to intimate the details of their bank accounts pertaining to this project within fifteen days.



B. Badalia
B.C. Badalia
MEMBER

SKAM
Dr. Shrikant Baldi
CHAIRPERSON

Rajeev Verma
Rajeev Verma
MEMBER