# REAL ESTATE REGULATORY AUTHORITY, HIMACHAL PRADESH

## In the matter of:-

Ms Aditi Rao R/o A-17, Neeti Bagh , New Delhi-1190049 .....Complainant

#### Versus

- 1) Rajdeep & Co. Infrastructure Pvt Ltd, SCO -12,1<sup>ST</sup> Floor, Hollywood Plaza, VIP Road, Zirakpur –Punjab
- Sh Rajdeep Sharma s/o Sh Sansar Chand Tehsil Rohru Distt Shimla

.....Non-Complainant/ Respondents

#### Complaint no. RERAHP SHCTA06200024

<u>Present: -</u> Ms Aditi Rao, Complainant along with Advocate Sh Sameer Thakur through Webex

Shri Rishi Kaushal Advocate for Respondents

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

Date of Hearing (Through WebEx): -19.11. 2020

Date of pronouncement of Order: -17.12.2020

### ORDER

**CORAM:** - Chairperson and both the members

## BRIEF FACTS OF THE COMPLAINT

1. The present matter refers to a Complaint filed under the (Regulation Real Estate and provisions of the Development) Act, 2016(herein after referred to as the Act)against M/s Rajdeep and Co. Infrastructure Pvt. Ltd., which are having a ongoing project named Claridges Residency located at Upmohal, Keleston, Tehsil and Distt Shimla, Himachal Pradesh and also against Sh Rajdeep Sharma. The Authority also made a site inspection on 17th February, 2020 as there were many complainant against the Project. Further, a site inspection was also carried out by the Town Country Planner of the Authority, on 15.9.2020. The final arguments in the present complaint were heard on 19th November, 2020.

# Facts of the complaint:

 That the complainant Ms Aditi Rao had filed an online Complaint dated 7<sup>th</sup> March, 2020 before this Authority in Form-M' bearing complaint no. RERA/HP SHCTA/06200024 of the HP Real Estate (Regulation & Development) Rules, 2017. As per the complaint it has been alleged that the respondent promoter, Rajdeep &Co.



Infrastructure Pvt Ltd has cheated by playing fraud on them.

- 3. Ms Aditi Rao the present complainant agreed to purchase the flat no-301, Tower-A, measuring 960 Sq.ft in the Claridges Residency. The sale deed between the parties was executed on 31<sup>st</sup> May, 2016, in the office of Sub- Registrar, Shimla, for a sale consideration of Rs. 34,50,000/-.
- 4. The complainant has further submitted that she took the possession of the incomplete flat in May 2016. That time she was given temporary electricity and water connection and she was assured that NOC for the permanent domestic water and electricity connections will be given soon and the mutation in her favour will be entered very soon and the space for water and electricity will be allotted and car parking will also be allocated to her. However, these facilities were not given by the respondent. The electricity supplied is on a very high rate and I have no other option but to pay the same. The maintenance charges are being charged at an exorbitant and arbitrary rate despite there being no mention of the same in the executed sale deed. The complainant further any breakup of alleged that both, neither the



maintenance amount nor any details about the services covered under maintenance are provided and any reluctance to pay the same in the absence of details is met with resistance and threatening of disconnection of electricity and water supply. The complainant has not been provided with the parking for which she has been charged an extra amount of Rs. 1,00,000 and an amount of Rs. 50,000 plus taxes for mandatory club membership but the same have not been provided

5. The complainant has alleged that the respondent promoter, in breach of the conditions of the sale deed, executed for the sale of the said flat, has not honored the conditions of the sale deed and also duped her of large amount of money fraudulently, by making false promises to provide additional services and facilities, in addition to the commitments made in the sale deed. The complainant has also annexed a demand letter towards maintenance charges , as received from the builder ,on 1.07.2020, asking to make payment for the maintenance charges for the period 09.05.2020 to 08.05.2021 and a amounting to Rs. 3,42,420 detail of extra charges towards various services and facilities, as demanded by the builder , annexed at page 45 of the case file. She has



made the following prayers in her detailed complaint, at page32, of the case file:-

- a. Direct Mr. Rajdeep Sharma to carry out mutation for flat no 301 in block 'A' in my name, at the earliest.
- b. Direct the builder to provide requisite NOC for the separate domestic water and electricity connection.
- c. Direct the builder, Mr. Rajdeep Sharma, to provide space for installation of my Water tank of capacity 1000 liters and Electricity Meter in block 'A'
- d. Direct Mr. Rajdeep Sharma to provide me a dedicated car parking spot as per sale deed
- e. Direct the builder to either provide club facilities or refund money paid by me for the same.
- f. Direct the builder, to stop harassing for maintenance charges as there is no maintenance and I be allowed to make arrangement for, sharing cost of common facilities with other flat owners of block 'A'.
- g. Direct the builder to ensure running water and electricity to the flat till the time NOC is given by him for the installation of individual electricity and water connections for my flat

Reply by the Respondents:-



6. The respondent in his reply has taken the preliminary objections that this complaint is frivolous and there is no cause of action to file the present application. He has further pointed out that, the home buyers are duty bound to make all the payment and interest. On merit, he has contended that the respondent has no objection for grant of mutation in favour of the complainant but the same should be subject to clearance of pending dues. The respondent has claimed that an amount of Rs. 40,257 is due towards her on account of electricity bill and interest on the payment thereof and has annexed the annexure R-1. The complainant has not paid the dues that she is bound to make and drew the attention to the condition no 15 of the application form, annexed as Annexure, R-2 that was filled by her at the time of booking of the flat, about making the payment for all maintenance charges, therefore, she is not entitled to get any relief in the present complaint.

Rejoinder and written submissions on behalf of the complainant:



7. The counsel of the complainant filed a detailed rejoinder on 10.09.2020 of the case file, refuting the reply of the respondent counsel and has categorically made the following submissions,

- a. That the Respondent has deliberately, till date, not got the mutation of the concerned flat attested in favour of the complainant because of which the complainant is deprived from getting commercial water and electricity connections, the necessary and basic amenities for her flat.
- b. That the complainant have raised several issues with regards to the breach of the terms and conditions of the sale deed, namely breach of clause 12 pertaining to the provision of the NOC for domestic electrical and water connection along with provision of space for the installation of a water tank of capacity 1000 litres with right to approach for care and maintenance. The breach of clause 13 with reference to the provision of a car park space. The counsel for the responded has further drawn the attention towards the demand of Rs. 28320 along with GST, for yearly maintenance charges without any basis as nothing pertaining to the same has been agreed upon between the parties at the time of sale deed. The counsel further raised the issue of demand for additional charges for various heads, amounting to Rs. 3, 42,420



which are beyond the terms of the sale deed and no facility against the amount charged has been provided till date.

- c. That the complainant have raised several issues with regards to the breach of the terms and conditions of the sale deed, namely breach of clause 3 pertaining to the mutation of the said flat in the name of the complainant ad hence a contravention of section 14(3) and 18(3) of the RERA Act.
- d. That the application seeking NOC from MC Shimla has been rejected twice, on 12.12.2016 and on 26.08.2020 due to the reason that the completion plan of the building was not approved as the building has been constructed in violation of the sanctioned plans and thus a clear cut violation of section 14(1) of the RERA Act, the rejection letters annexed as Annexure A-1, annexed at pages 110 of the case file .The respondent is not submitting the completion plan of the building because of the violations carried out in construction beyond sanction plan , which is a contravention of section 14(1) of the RERA Act.



e. That the complainant is being forced to pay exorbitant electricity bill and water bill through maintenance charges because there is no NOC .Moreover, the

complainant has no outstanding amounts towards any electricity charges for the months of November 2019 and January 2020 as claimed in Annexure R-1 of the respondents reply. The communication dated 07.1.2020, annexed Annexure A-2, makes it abundantly clear.

- f. That the non provision of the NOC and other issues raised in the complaint are a violation of section 11(4) b, 11(4) d, 17(2) read with section 2(n) (v) and 19(5) of the RERA Act. The complainant counsel has also stated that the complainant deserve compensation from the respondent for paying such exorbitant rates of electricity and water charges under section 14(3), 18(3) read with section 71 of the RERA Act.
- g. That the failure of the respondent in not providing adequate space to the complainant for the installation of the water tank with unhindered access for care, maintenance and replacement, within the premises of block 'A' as per clause 12 of the sale deed , constitutes violation of section 11(4) d, 17(2) read with 2(n)vi of RERA Act.



h. That the respondent cannot demand a onetime parking fee of Rs. 1, 00,000 over and above the sale deed consideration amount that included the price of the car

parking space, which is a violation of section 17(2) read with section 2(n) iii of the RERA Act.

- i. That the additional amount of Rs. 57250 were extorted by the respondent in an unjust manner by making false promises for providing club services and other facilities which were never provided till date and the action of the respondent is in violation of the provision of section 12 of the RERA Act. The complainant has demanded that the respondent compensate the complainant with interest under section 12, 14(3) and 18(3) of the RERA Act.
- j. That the respondent has been charging exorbitant maintenance charges @ Rs 28,320 p.a. along with GST, annexed at page 44 of the case file, demand raised on 1.7.2020, for the year 2020-21 from the complainant without providing any facility. The charging of GST is illegal for the monthly maintenance payment below Rs. 7500. The only service that is being provided in the name of maintenance is provision of water, which is again a violation of section 11(4) (d) of the RERA Act. The one hand, not allowed the respondent has, on complainant to install their water tank and pipe line for the individual water connection, and on the other hand,



has been forcefully charging the exorbitant charges towards the same in the name of maintenance.

The complainant has time and again brought all these issues to the notice of the respondent but there was no copies of respondent. The the from response communications have been annexed as Annexure A-3 colly, annexed at pages 113 of the case file .The counsel has submitted at serial no 4 of the rejoinder on merit, that as per clause 16 of the sale deed all prior agreements oral or written have come to an end with the execution of the sale deed.

### 8. Site Inspection Reports:-

The first site was carried out by the Authority on 17.02.2020 along with officers of the Town and country planning Deptt. as well as officers of Architect Planning branch of MC Shimla, the complainant, Ms Aditi Rao was present in person along with other complainant in the project and a representative of the respondent was also present at site. The officers of MC Shimla informed that as per record available and as existing at site, there are four blocks in the complex, namely A,B,C and D, the 'A' block being the lowest block, constructed just above the Lakkar Bazar-Poabo road and other 3 blocks have been



constructed above block A, with block 'D' abutting the upper road. It was informed by MC Shimla that 'A' block is an approved four storeyed block for which approval was given in the name of one Smt Jaswant Kaur vide order no 35(AP) dated 06.02.2003 however an open basement was also existing at site as the lowest storey of block 'A'.The other contents of the site report pertaining to upper blocks, as received from MC Shimla, not being mentioned here are as not being relevant to this case.

During the site visit, the issue of installation of the commercial water connection for the flat of Sh Ravi kant, one of the other complainant in the same project, the permission for which was obtained by him from MC Shimla, was discussed and it was agreed upon by the representative of the respondent, on the verbal instructions of the Authority, that the complainant can lay the pipelines and install the water tank for his tank.

Another site visit by the town planner of this Authority, in compliance of the orders of the Authority, was carried out on 15.09.2020, the report of which is on the case file. The site visit was carried out in presence of the complainant along with other residents of block 'A', 'B', 'C', 'D', who also happen to be the complainant in their respective cases



before this Authority, representative of the respondent, officers of Shimla Jal Prabandhan Nigam ltd, Architect Planner MC Shimla, Junior Engineer AP Branch, MC Shimla and the junior Engineer RERA HP Shimla. With regards to the mutation issue of the case of the flat of Ms Aditi Rao, it was conveyed that the relevant papers were submitted with the revenue officers and mutation at serial no 709 has been entered on 14.09.2020. The issue of the water connections was discussed with all present at site as mentioned at serial no 2 in the report. It was mentioned by the representative of the respondent that they have been fetching water by water tankers and supplying to all residents of all the blocks under habitation. The officers of Shimla Jal Prabandhan Nigam ltd informed that no water connection has been released for block 'A' .The residents of block 'A' namely Ms Nisha Singh, Ms Aditi Rao and Ravi Kant (complainant) informed that the respondent was charging Rs. 18000 per year for maintenance which was increased to Rs. 24000 and then further increased to Rs. 35000 per year and in case there is any protest or delay in payment, their water supply is stopped. They all demanded that the respondent should give space for the installation of individual water tanks as he is not permitting them to



use the roof for the same. The complainant, Sh Ravi Kant, also informed that he has not been getting any water for his flat since August 2019. The representative of the respondent had no satisfactory answer when confronted by the Town Planner.

The residents complained about being charged @ Rs. 8 per unit for the electricity which was exorbitant and was supplied from meters installed in block 'B'. The complainant, SH Ravi Kant, informed that he has got his own commercial electrical meter

9. <u>Written submission and Synopsis on behalf of</u> <u>respondents</u>:-

The respondent in his written submission has pointed out that the present complaint has already become infructuous as <u>the mutation has already been entered</u> in the name of the complainant .Secondly he has stressed that in the present case the Real Estate Regulation and Development Act 2016 is not applicable, as the size of plot is only 273.60 sq. mts. which is less than 500 sq. mts. and number of units as per plan approved are less than eight owned by Sh. Rajdeep Sharma. Thirdly, has pointed out that complainant is seeking mutation and compensation and that powers to adjudicate lies with Adjudicating Officer,



under section-71 of the Act and not with the Authority. He also pointed out there is a violation of secton-19 of the Act by the complainant, by not making the payment as per agreement. He has also added that the complainant has concealed material facts, which are necessary to adjudicate this complaint. To support his case he has cited the following rulings:-

- a. Modi Spinning & Weaving Mills Co....vs Ladha Ram &Co.
  On 23 September 1976.
- b. Meghmala&Ors. Versus G. Narasimha Reddy &Ors. in Civil Appeal Nos. 6656-6657 of 2010 decided on 16.08.22010.
- c. Union of India and others vs Cipla Ltd and others Civil Appeal No. 329 of 2005, decided on 21.10.2016
- d. DCM Shriram Industries Ltd. Vs HB Stockholdings Ltd. And Ors. on 28 April 2014 CO.A(SB)7/2014 & CA No.275/2014.

#### .Arguments advanced:

10. The final arguments through Webex, in this case were heard on 19.11.2020.In addition to the written submissions submitted by both parties.Sh. Sameer Thakur, the Ld. Counsel for the complainant reiterated the points made by him in his complaint and supporting documents supplied by him. He submitted that the complainant bought a flat no 301 in



block-A from the respondent and sale deed was executed on 31st May, 2016 and had paid full and final consideration price of the flat amounting to Rs. 34, 50,000 and the mutation of the flat was entered in her name finally on 14.09.2020, on the orders of the Authority dated 28.08.2020, after a period of almost four and a half year. However, despite repeated requests she was not provided the NOC for the installation of domestic water connections for the electricity and water connection, which was supposed to be provided by the respondent in accordance with the terms and conditions of the sale deed, specifically clause no 12 of the sale deed. In the absence of the same, the flat was not habitable and the possession of the flat was meaningless since it could not be used for the purpose it was bought for. She further submitted that the space for the installation of an individual water tank with independent approach for care and maintenance and replacement of the same, was not provided as was agreed upon in the sale deed. The Ld. Counsel argued that the complainant has also not been provided a car park space for one car as was to be provided to her by the respondent in accordance with the condition no 13 of the sale deed. He also pointed out that the respondent is asking for huge amount as annual maintenance charges, without providing any services and thus, extorting money from the complainant and well as from the other allottees.



The counsel argued that she has paid service tax amounting to Rs. 1,66,500 for which a receipt dated 27.7.2017 has been given to her but she has not been provided any proof / receipt that the collected service tax amount has been deposited with the concerned authority.

- 11. The Ld. Counsel also drew the attention of the Authority to the demand of additional charges amounting to Rs. 3,42,420 raised by the respondent which the complainant was forced to pay , fearing disconnection of electricity and water supply, , the detail of which is annexed at page 21 of the complaint. The said extra charges were towards
  - a. Car parking @ Rs. 1, 00,000 despite the provision of the same already paid for in the total consideration price as per sale deed.
  - b. Internal development charges @Rs. 50,000
  - c. External electrification charges @ Rs. 50/- per sft amounting to Rs. 48000
  - d. Fire fighting charges @ Rs. 20 per sft amounting to Rs. 19200
  - e. Club membership @Rs. 50,000
  - f. Sinking Fund @ Rs. 10/- per sft amounting to Rs. 9600/-



- g. Interest free maintenance security @Rs. 20 per sft amounting to Rs. 19200
- h. One year advance maintenance @ 1500 per month amounting to Rs. 18000
- i. The total amount of extra charges comes to Rs. 3,42,420.00

Further, as per section-2(zb), of the Act, all the internal works were to be provided by the respondent, car park amount is already paid in the consideration price at the time of the sale deed and other works for which payment has been taken , have not been provided.

The arguing counsel requested for the return/ refund of the same with interest as per the provision of section 19(4) .The Ld. Counsel while arguing the case, laid emphasis on the rejoinder filed by him, on 10.09.2020, , annexed at page no.102 to 118 of the case file, detailing about the breach of the clauses of the sale deed , additional payments extorted by the respondent promoter without providing services and facilities against which these payments were collected thus violating various provisions of the RERA Act. The Ld. Counsel drew attention of this



authority to the annexure A-2 colly annexed with rejoinder dated 10.09.2020, towards no pending dues with regards to electrical bills. The Ld. Counsel also drew attention to the rejection of the NOC for this building by MC Shimla dated 26.8.2020 annexed as Annexure-1 at page no 110of the case file.

The Ld. Counsel pleaded before this authority to provide all the reliefs sought by the complainant and further pleaded that the erring promoter be suitably penalized for harassing the complainant and for all the violations of the RERA Act.

12. The Ld. Counsel for the responded, Sh Rishi Kaushal, submitted written submissions and synopsis on 17.11.2020 annexed at page no 118 -122 of the case file and raised the issue of the maintainability of the complaint because the area of the plot being 273.60 Sqm which is less than 500 Sqm and number of units being not more than eight. The Ld counsel mentioned about the joint development agreement between Sh Rajdeep Sharma and the respondent firm , annexed as Annexure R/A, and argued about the non applicability of the RERA Act 2016.



The Ld. Counsel cited the nonpayment of dues and interest which is a duty of the allottee and failure to pay the same is violation of section 19 of the Act.

The Ld. Counsel also argued that the violation of principle of natural justice has been done in the case.

The counsel argued that since the complainant has demanded compensation under section 18, the Authority does not have power to adjudicate in this case, and only the Adjudicating Officer can adjudicate this case under section-71 of the Act

The Ld. Counsel for the respondent promoter could also not reply to the non provision of the requisite NOC as was to be provided by the respondent to the complainant and only insisted that the NOC is to be given by MC Shimla. The Ld. Counsel, during arguments, conveyed that the mutation of the said flat has been entered in the name of the complainant.

Conclusions:-

13. We have heard the arguments advanced by the Ld. Counsel for the complainant& Ld. Counsel for the respondent promoter and perused the record including site inspection reports 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 the following issues that require the consideration and adjudication, namely:-

- A. Whether the Real Estate Regulation and Development
   Act, 2016 is applicable in this case?
- B. Whether the Authority has jurisdiction to decide this case?
- C. Findings regarding the building and related issues:-
  - The issue of NOC for permanent individual domestic electricity and water connections in the name of individual flat owner, complainant in this case.
  - ii) The issue of allocation of space for the installation of individual water tank of capacity 1000 liters.
  - iii) The issue of parking space for one car.
  - iv) The issue of exorbitant maintenance charges to the tune of Rs. 28,320 per annum plus tax, without any agreement for the same.
  - v) The issue of return of extra charges payment of Rs. 3, 42,420, charged for various services that were never provided



- vi) The issue of the payment of the service tax amounting to Rs.1, 66,500, the receipt of payment of which to the concerned Govt Deptt was never provided.
- vii) The issue of reimbursement of the difference of amount between the domestic and commercial charges of electricity and water supply already paid and will be paid till the time domestic connections are installed

A. Whether the Real Estate Regulation and Development Act, 2016 is applicable in this case?

14. The Ld. Counsel for the respondent made written submissions and while making arguments, have stressed that in the present case the plot size is 273.60 Mts. which is less than 500 sq. mts, 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 500sqmts.



15. In the present case, Mr. Rajdeep Sharma, one of the promoter owned 1416 sq.mts. of land in up Mohal Keleston, Shimla However, later on, in the family settlement he has transferred a part of this land to his wife, his mother etc. This is clear from the copy of agreement dated 11<sup>th</sup> August, 2016, supplied by the respondent with his written submissions in case of other complainant in the same project, Sh Paras Verma. At page 2 of the agreement, it is mentioned that

"And whereas the first party was the owner of land comprised in Khata Khatauni No 151/186, Khasra No-5, measuring 1416.80 Sq. Mts situated at Up Mohal Keleston, 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".

16. Thus, in the present case, it is very clear that Rajdeep being owner of 1416 sq. mts. of land at up Mohal Keleston had executed a joint development agreement with Rajdeep and Co. The joint development agreement dated 16<sup>th</sup> 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 Rajdeep & Co has developed Blocks, A,B,C and D of this project. The only change that has taken place later on, is that Sh Rajdeep Sharma has transferred ownership of some part of land to his mother and wife.

The proviso to Section 3 (2) (a) 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".

17. Thus, any project which has an area more than 500 sq. mts. 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 Rajdeep and Company Infrastructure Ltd is 1416 sq. mts which has been alienated further by way of family settlement. Therefore, the project is fully covered under the provisions Act. This is also clear out of the fact that Mr. Rajdeep Sharma has applied for the registration of the project with the Authority on 10<sup>th</sup>



February 2020. Thus, the Act is applicable on the present project and complainant is fully authorized to file the present complaint. The Rajdeep and Co. Infrastructure Ltd as well as the owners of the land are jointly promoters in the present case.

Further, the respondent in his reply in other complaint cases in the same project has stated as follows:

"That present case is squarely covered by the findings of this present Authority in the Bikramjit and ors. (Complainant) vs 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.



18. We have gone through the provisions of the Act.Section-31 of the Act authorizes any aggrieved person to file a complaint before the Authority. Section-35 of the Act,

empowers the Authority to call for any information or conduct investigations and for that purpose the Authority may ask any promoter or allottee to furnish any information.

In the present case the complainant had filed his complaint in Form-M. The Authority had asked the complainant to file detailed information and documents pertaining to the complaint, to properly adjudicate the complaint. The rule-23 (f) of the Himachal Pradesh Real Estate (Regulation Development) Rules, 2017 also provide that the Authority can ask a complainant for production of documents or other evidence. Thus, in the present case in the interest of justice the authority had asked detailed complaints. supported with documents from the complainant. The respondent was given full opportunity to in his reply and written these pleadings, rebut submissions. The respondent has done the same in the present case. Therefore, the Authority has adhered to the principles of natural justice, by giving full opportunity to both the parties to plead their case.



B. Whether the Authority has jurisdiction to decide this case?

- 19. The respondent in his written submission has argued that the complainant has no cause of action against the answering respondent and the complainant has failed to raise any dispute as provided under the Act and in the absence of the same the present complaint is liable to be dismissed. The complainant has not approached this authority with clean hands and in fact has defaulted in making payments due towards her along with interest.
- 20. Further regarding jurisdiction, this Authority after careful examination of the statutory provisions of the Real Estate (Regulation & Development) Act, 2016 along with judicial pronouncements of various Courts including the Hon'able Apex Court, deliberates the matter by explaining various provisions of the Act in this regard.

Section 31 of the Act prescribes that any aggrieved person can file a Complaint before the Authority or the Adjudicating Officer <u>as the case may be</u> 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 obligation cast upon the promoter, the allottee and the real estate agent under this act and the rules and regulation made their 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 11(4) (b) of the Act prescribes as follows:

The promoter shall —

"be responsible to obtain the completion certificate or the occupancy certificate, or both, as applicable, from the relevant competent authority as per local laws for the time being in force and to make it available to the allottees individually or to the associations of allottees, as the case may be

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

The promoter shall —

"be responsible for providing and maintaining the essential services, on reasonable charges, till the taking over of the maintenance of the project by the associations of the allottees"

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

The promoter shall —

"enable the formation of an association or society or cooperative society, as the case may be, of the allottees, or a federation of the same, under the laws applicable"

Section 12 of the Act prescribes as follows:

"where any person makes an advance or a deposit on the basis of the information contained in the notice advertisement or prospectus, or on the basis of any model apartment, plot or building, as the case may be, and sustains any loss or damage by reason of any incorrect, false statement included therein, he shall be compensated by the promoter in the manner as provided under this Act"

Section 14 of the Act prescribes as follows:



(1) "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."

### Section 17 of the Act ibid provides as under,

(1) The promoter shall execute a registered conveyance deed in favour of the allottee along with the undivided proportionate title in the common areas to the association of the allottees or the competent Authority, as the case may be, and hand over the physical possession of the plot, apartment of building, as the case may be, to the allottees and the common areas to the association of the allottees or the competent Authority, as the case may be, in a real estate project, and the other title documents pertaining thereto within specified period as per sanctioned plans as provided under the local laws:

Provided that, in the absence of any local law, conveyance deed in favour of the allottee or the association of the allottees or the competent Authority, as the case may be, under this Section shall be carried out by the promoter within three months from date of issue of occupancy certificate.

(2) After obtaining the occupancy certificate and handing over physical possession to the allottees in terms of sub-Section (1), it shall be the responsibility of the promoter to handover the necessary documents and plans, including common areas, to the association of the allottees or the competent Authority, as the case may be, as per the local laws:

Provided that, in the absence of any local law, the promoter shall handover the necessary documents and plans, including common areas, the association of the allottees or the competent Authority, as the case may be, within thirty days after obtaining the occupancy certificate."



Section 18 of the Act prescribes as follows:

- (1) "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) he shall be liable on demand to the allottees, in 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."
- (2) "if the promoter fails to discharge any other obligations imposed on him under this Act or the rules or regulations made there under or in accordance with the terms and conditions of the agreement for sale, he shall be liable to pay such compensation to the allottees, in the manner as provided under this Act."
- (3) "if the promoter fails to discharge any other obligations imposed on him under this Act or the rules or regulations made there under or in accordance with the terms and conditions of the agreement for sale, he shall be liable to pay such compensation to the allottees, in the manner as provided under the Act."

Section 19 of the Act provides as under:



(1) "the allottee shall be entitled to obtain the information relating to sanctioned plans, layout plans along with the specifications, approved by the competent authority and such other information as provided in this Act or the rules and regulations made there under or the agreement for sale signed with promoter."

- (2) "the allottee shall be entitled to know stage-wise time schedule of completion of the project, including the provisions for water, sanitation, electricity and other amenities and services as agreed to between the promoter and the allottee in accordance with the terms and conditions of the agreement for sale."
- (4)" 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."
  - (5) "the allottee shall be entitled to have the be necessary documents and plans, including that of common areas, after handling over the physical possession of the apartment or plot or building as the case may be, by the promoter."

Section 2(q) of the Act provides as under:

" completion certificate- means the completion certificate, or such other certificate, by whatever name called, issued by the competent authority, issued by the competent authority certifying that the real estate project has been developed according to the sanctioned plan, layout plan and specifications, as approved by the competent authority under the local laws"



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".

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."

21. 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) (b) (Supra) cast obligation on the promoter to <u>obtain the completion certificate</u> and make it available to the allottees <u>individually</u>, under section 11(4)(d) (supra) cast obligations on the promoter to be responsible for providing and maintaining the <u>essential</u> <u>services on reasonable charges</u> till the taking over of the maintenance of the project by the association of the allottees . The Authority also has power to impose penalties under Section 59 to 69 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 under relevant provisions of the Act, 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.

Section 19(4) further empowers the Authority to adjudicate and award refund of amount 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 <u>fails to comply</u> or is unable to give possession of the apartment, flat or building, as the case may be,

C. Findings regarding the building and related issues:-

i) The issue of NOC :-

We have seen the record and heard the arguments advanced by both the parties and hold that there is no doubt that the promoter agreed and committed in no uncertain terms as postulated, at serial no 12, of the executed sale deed, that provides as follows:



"That the SELLER will be liable to provide No Objection Certificate/affidavit for the installation of water & electricity connections in the names of

PURCHASERs & the PURCHASERs have right to use un interrupted the water &electricity from the existing meters and the sellers will also liable to provide the space for installation of water tank capacity of 1000 Ltrs. and the Purchasers have right to use approach for checking, maintenance and replacement of the water tank from time to time. The other occupants/owners of the building will not make any hindrance/obstruction for the use of approach for the checking/maintenance and replacement of the water tank"

that the promoter will provide the requisite NOC (No Objection Certificate) for the installation of electricity and water connection for residential use .The complainant is entitled to NOC for domestic connection of electricity and water .In the present case, respondent had initially provided water Electricity from the common connections at commercial rates which were also discontinued later. Section- 11(4) (d) mandates that promoter shall be responsible for providing and maintaining the essential services on reasonable charges till the taking over of the maintenance by the association of allottees. However, respondent has failed to fulfill this obligation. Further, he has failed to fulfill his obligations as per provisions of the sale deed. The NOC has been rejected twice by MC Shimla,



the other complainant, on the grounds that the completion

plan has not been approved. The completion plan has not been approved for the reason that, as conveyed by the respondent representatives during site visit of the Authority, that the building drawings were submitted under TCP Amendment 2016 for the regularization of buildings, that has since been quashed .The completion plan, as per routine process, will not be approved by MC Shimla, as the respondent has done violations from the approved plan and opened the basement as additional storey as mentioned in the report of MC Shimla, dated 17.02.2020. The violation from the sanctioned plan constitutes contravention of section 11(4)(b), 11(4)(d) and 17(2)of RERA Act.

ii) The issue of the installation of water tank:-

With regards to the installation of individual water tank of capacity 1000 liters with uninterrupted access for care and maintenance, as agreed upon and committed in the same condition number 12 of the executed sale deed , it is apparently clear that the installation of the tank at suitable location is a requirement to get the water supply in the flat. The same is the unquestionable right of the purchaser and not providing him his due as committed is a breach of


the condition of the sale deed and constitutes a violation of section 11(4)(d) and 17(2) of RERA Act.

iii) The issue of car park:-

The promoter (seller) agreed and committed in no uncertain terms as postulated, at serial no 13, of the executed sale deed, that the seller will be liable to provide the space to park one vehicle (LMV) to purchaser. The seller is bound by the condition of the sale deed to provide parking space to the purchaser the price of which is built in the consideration price agreed upon and fully paid. The non provision of parking constitutes a violation of section 17(2) read with 2(n) (iii) of RERA Act.

iv) With regards to the maintenance charges:-

There is no agreement or document substantiating that the purchaser agreed to pay the same. In fact the purchaser is left with no option but to pay the same because she was neither provided the NOC for the electrical connection nor she was allocated any space for the installation of the tank. In the absence of both, she just could not get his independent electrical and water connection, which is a basic requirement for living ,



as held by the Hon'ble Apex Court in the matter of Chameli Singh and others v. State of U.P. and another1996) 2 SCC 549, whereby iy has been held that,

"Right to liveand specifically observed that right to life includes the right to livewith human dignity and further observed that right to live guaranteedin any civilised society implies the right to shelter and while discussing the right to shelter, includes electricity which is undisputedly, an essential service to the shelter fora human being. In State of Karnataka v. Narasimhamurthy (AIR 1996 SC 90) SCC p. 526, para 7: JT at p. 378, para 7), the Hon'ble Apex Court held that, " Right to shelter is a fundamental right under Article 19(1) of the Constitution. Right to shelter, therefore, includes adequate living space, safe and decent structure, clean and decent surroundings, sufficient light, pure air and water, electricity, sanitation and other civil amenities like roads etc. so as to have easy access to his daily avocation ..." The Madras High Court in the matter of T.M. Prakash and others v.The District Collector, Tiruvannamalai District, Tiruvannamalaiand another2013 SCC OnLine **Mad 3001** has held that access to electricity supply should also be considered as a right to life, in terms of Article 21 of the Constitution of India and observed as under:

"66. Lack of Electricity supply is one of the determinative factors, affecting education, health, cause for economic disparity and consequently, inequality in the society, leading to poverty. Electricity supply is an aid to get information and knowledge. Children without Electricity supply cannot even imagine competing with others, who have the supply. Women have to struggle with firewood, kerosene, in the midst of smoke. Air pollution causes lung diseases and respiratory problems. Electricity supply to the poor, supports



education and if it is coupled with suitable employment, disparity is reduced to certain extent. Lack of education and poverty result in child labour. 68. The Respondents ought to have visualized the difficulties of the women, children and aged persons, living in the huts for several years, without Electricity. Electricity supply is an essential and important factor for achieving socioeconomic rights, to achieve the constitutional goals with sustainable development and reduction of poverty, which encompasses lower standards of living, affects education, health, sanitation and many aspects of life. Food, shelter and clothing alone may be sufficient to have a living. But it should be a meaningful purpose. Lack of Electricity denies a person to have equal opportunities in the matter of education and consequently, suitable employment, health, sanitation and other socioeconomic rights. Without providing the same, the constitutional goals, like Justice, Liberty, Equality and Fraternity cannot be achieved."

The seller ensured and created such circumstances, observed by the authority during its site visit on 17.02.2020, and as reflected in the site visit report of the town planner, dated 15.09.2020, that the purchaser was forced to pay whatever was demanded by the seller towards maintenance charges , as in the absence of his individual service connections, there was no other way for her to use the legitimately bought flat but to pay for electricity being supplied at commercial rates and water which were supplied by the seller at exorbitant rates, from his



commercial connections under the name of maintenance charges, arbitrarily and unilaterally fixed at a very high rate of Rs. 28320 per annum now, which clearly is a violation of section 11(4)(d) of the RERA Act,

v. With regards to the issue of refund/ return of extra charges amounting to Rs. 3, 42,420 paid for provision of NOC and nonexistent services and facilities, the promoter extorted these payments on one pretext or the other, fraudulently and with an ulterior motive to make undue profit. With regards to the amount of Rs. 1, 66,500 paid towards service tax, the respondent did not provide any proof f the same having been deposited with the concerned Govt Deptt.

We have no qualms in saying that the RERA act has been enacted primarily for protecting innocent purchasers/ allottees from these kind of promoters who cheat the and blackmail them no end and extract money on one pretext or the other.

When read with section 19(4), that provides:



"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."

The authority is of the view that the complainant, in accordance with the prevailing provision of law at that time, pertaining to the payment of service tax, was liable to pay the same. It was the responsibility of the respondent to collect and deposit the same with Commissioner Central Excise and Taxation, Govt of India. The respondent was duty bound to provide the receipt for the service tax deposited by him as collected from the purchaser. The extra charges/payment amounting to <u>Rs. 3,42,420/-</u> that has been collected fraudulently by the respondent, against different heads, by making false promises to provide various services and facilities like club membership, internal development, car parking, external electrification, fire fighting, sinking fund, , interest free maintenance security and one year advance maintenance charges and also by misrepresenting the facts about the provision of the NOC knowing well that the NOC will not be issued by MC Shimla till the time completion or part completion of the building is approved, which clearly is a violation of



section 14(3) of the RERA Act and the extra amount paid is liable to be returned as per section 19(4) of the RERA Act.

- vi. The complainant is very much within his rights to demand the reimbursement of the difference of charges between the commercial and domestic rates of electricity and water as he is forced to pay for both the services by way of maintenance charges which are exorbitant, without any justification, from the commercial rate connections and neither breakup of the same nor list of services being provided have been disclosed, which clearly is a violation of section 11(d) read with section 19(4) and the said amount is liable to be reimbursed by the respondents to the complainant
  - vii. In the present case there is an inordinate delay of 4.5 years in the delivery of the NOC and other services/ facilities. Further, as per the report of MC Shimla, there being an open basement which is one of the reasons for non approval of the completion plan and thus non provision of the NOC. The condition of the provision of NOC is already there in the executed sale deed and thus there is no justification in charging extra amount for the same as charged again by the promoter There are no approvals for



the construction of gym or club house and space for laundry and ironing and thus these services could not be provided by the respondent and there is no reason for promoter to charge on this account. Therefore, there is no option with the Authority but to order the refund/ return of the extra amount of Rs. three lakhs forty two thousand four hundred and twenty paid by the complainant and collected by the respondent against these services. The deposit of service tax amounting to Rs. 1, 66,500, with the central excise Deptt needs to be verified and if not deposited by the respondent, the same will have to be deposited, being due to the Govt.

Thus, the Complainant is entitled to get refund/ return and interest as prescribed as per the Section19 (4) of the Act.

viii. The Authority has taken a serious view of the developments pertaining to the conduct of the respondent because of which the allottee has suffered for no fault of his. She has in fact suffered on more than one ground, by investing her hard earned money and making regular payments on account of maintenance charges, charges on other grounds for facilities and services that were never provided and despite of all this not being able to use the flat for non



provision of electricity and water supply as a threatening tool to extract money, on one count and involving her with a prolonged legal battle on the second count. The Respondent(s) have not shown any sincerity and have the audacity to tell that the NOC will be issued by the local authority and all this while were busy protecting their commercial interests to satisfy their greed for more money by enhancing the maintenance charges at their whims and fancies. The Authority is of this firm view that the Respondent Promoters have done an Act of fraud on the complainant and forced him to run from pillar to post to get his legal dues and for the same the Respondent Promoters must be held accountable and penalised under Section 61, 63 and 69 of the Act ibid for their failure to fulfil their obligations as promoter as prescribed in Section 11 of the Act ibid which should Act as a deterrent for all the Respondent Promoters 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 of the Act ibid, committed by the Respondent Promoter that calls for imposition of a penalty under Section 61, 63 and 69.



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

- 23. The complaint is allowed and
  - Section 61 of the Act, prescribes that the maximum penalty i. 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. 80,00,000 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 approx Rs. 32,00,000 for the RCC frame and site development of Block 'D' comes to approximately Rs. 7.04 Crores and a penalty at a rate of five percent of the total estimated cost works out to Rs. Thirty five lakhs and twenty thousand. The respondent promoter has miserably failed in providing the NOC for basic services like water and electricity and other common facilities/ services as promised to the allottees. The Authority was dismayed to



see that the respondent promoters has collected huge amount but failed to fulfil the obligations cast upon them by various provisions of the Act. The Authority, considering all facts of the case, deems appropriate to impose a penalty amounting to Rupees Three lakhs (Rs. 3,00,000/-) under Section 61, 69 read with Section 38 of the Real Estate (Regulation & Development) Act, 2016 on the respondent promoter for failing to meet their obligations as prescribed under Section 11 & 14 of the Act ibid. The penalty imposed 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.

*ii.* The respondents are directed to obtain NOC after obtaining the completion certificate as required under section 11(4)
(b), of the building, 'block A', from MC Shimla, as early as possible. The promoter is directed to reimburse the difference of domestic charges and the commercial charges/rates paid by the complainant in the past and in future every month, for supply made/ to be made by the promoter from his commercial connections or individual



commercial connection that the complainant may install till the respondent promoter provides No Objection Certificate for getting domestic rate connections. The bills of which will be raised by the complainant to the promoter on monthly basis and the same shall be honoured within one month of the submission.

- *iii.* The respondent is directed to provide space for the installation of the water tank of capacity 1000 litres with proper access to the same from the flat, without any hindrance, for the care, maintenance and replacement of the same within the vicinity of the block 'A' within two months of the passing of this order, failing which a penalty amounting to Rs. 10,00,000 (Rupees ten Lakhs ) shall be imposed under section 61, 69 read with section 38 of the Real Estate (Regulation & Development) Act, 2016 on the respondent promoter, for failing to meet their obligations as prescribed under Section 11 of the Act ibid.
- *iv.* The complainant is allowed to park one car within the boundary of the block 'A' (as per sale deed) and needs no permission for the same from the respondent.
- v. The respondents are directed to enable the formation of
   Association of Allottees within next two months and hand
   over the common areas, in subsequent one month failing



which a penalty amounting to Rupees Three Lakhs (Rs. 3, 00,000/-) shall be imposed under section 61, 69 read with section 38 of the Real Estate (Regulation & Development) Act, 2016 for failing to meet their obligations as prescribed under Section 11 of the Act ibid.

- vi. The respondents are restrained from charging any maintenance charges after three months from the issue of this order, except if the Association of Allottees agrees to continue the maintenance from them on mutually agreed annual charges.
- vii. The respondent(s) are directed to provide all those services against which the extra charges amounting to Rupees three Lakhs forty two thousand four hundred and twenty (Rs. 3, 42,420/-) have been collected, within a period of three months, failing which the promoter is directed to return/ refund the amount 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 on completion of the period of three months.



- *viii.* The respondent will provide the receipt of Rs. 1, 66,500 paid as service tax, to the allottee, failing which, a complaint will be made by the allottee to the central excise Deptt , informing them about the amount of service tax paid by her to the respondent towards the purchase of flat and with a request to them to recover the same from him as per procedure along with penalty and interest so that the allottee is not held liable to make the payment to the tax collecting authority .
  - It is further ordered that the respondents are barred from ix. 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 the ordered are made to made till payments as complainant 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.



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, 69 and

Section 38 of the Act ibid, apart from any other Action; the Authority may take under Section 40 or other relevant provisions of the Act.

- *xi.* The above directions of the Authority are to be implemented by the respondent promoters as well as its land owners as promoters of the project jointly and severally.
- *xii.* The respondent is directed to submit the details of the Bank accounts pertaining to this project within fifteen days.
- *xiii.* The Complainant shall be at liberty to approach the Adjudicating Officer for compensation under Section 71 of the Act ibid.

**B.C. B** MEMBER

<sub>SK</sub>ممہ Dr. Shrikant Baldi CHAIRPERSON

Rajeev Verma MEMBER

