THE ANDHRA PRADESH REAL ESTATE REGULATORY AUTHORITY
AT: VIJAYAWADA

On 21st day of April,2025.
CORUM:Sri. U.S.L.N.Kameswara Rao, Hon'ble Member,
Sri. A.Jagannadha Rao, Hon'ble Member.

Complaint No.: 4/2024

Between:

Shri Ravi Shankar Kuruganti,
S/o. K. Santa Rama Krishna Sastry,
#5-500b, 77(1),Anjaneya
Colony, By-pass service Road,
Mangalagiri, Guntur District,
Andhra Pradesh- 522503.

...Complainant

And

Undavalli Constructions (P) Ltd.,
Rep by Managing Director, Undavalli Ramu,
H.No. 24A-10-4/1, Undavalli Residency,
Ashok Nagar, Eluru – 534002, Andhra Pradesh.
Corporate Office at 4th Floor,
Upstairs of Andhra Bank and IOCL Office,
2nd Road, Gurunanak Nagar Road, Vijayawada, AP 520008.

...Respondent

ORDER

The present complaint is filed under Section 31 of the Real Estate (Regulation and Development) Act, 2016, on the ground that the Promoter has failed to fulfill its commitments and has not adhered to the project timelines, thereby breaching its obligations under the Act.

The case of the complainant is that he is an allottee of a residential flat in a real estate project developed by the Respondent Promoter under the name and style of "SRIVALLI PRAVAS", located at Kaza, NH-5, Vijayawada–Guntur Highway, Amaravati.

The project "SRIVALLI PRAVAS" is a gated community spread over 8.6 acres and comprises 8 blocks of residential towers, each with nine floors, inspired by European classical architecture. The Respondent obtained development permission from the APCRDA, Vijayawada, under Building Permit Order No. B.P.No.1168/3168/B/MNGLRI/KAZA/2017, and registered the project with the Andhra Pradesh RERA under Registration No. P07270030008, dated 15.05.2018.

Relying on the representations made by the Respondent, the Complainant entered into an Agreement of Sale dated 27.03.2019 for the purchase of Flat No. B-502 (3 BHK), situated on the 5th Floor of Block-B, along with two car parking spaces in the stilt floor. The Agreement explicitly stipulated that possession of the flat would be delivered by June 2021, subject to Force Majeure conditions. Despite repeated requests, the Respondent failed to deliver possession by the stipulated date.

Subsequently, after a prolonged delay, the Respondent executed a Sale Deed dated 11.05.2023 (Document No. 2329 of 2023) in favour of the Complainant upon receipt of the full sale consideration amounting to Rs. 86,00,000/- (Rupees Eighty-Six Lakhs only), with an assurance that possession would be handed over immediately thereafter. However, till date, the Respondent has failed to deliver possession of the said flat.

The Complainant, having invested his hard-earned money in the project, is now facing undue hardship and financial loss due to the unexplained delay. It is submitted that the Respondent has violated the provisions of the RERA Act, 2016. Hence, the Complainant seeks redressal before this Hon'ble Authority for the delay in possession and prays for interest and compensation under the Act.

The Complainant has also filed an application seeking directions to:

Direct the Respondent to pay interest at the rate of 12% per annum on the total sale consideration along with registration charges paid for the subject flat;

Direct the Respondent to pay an amount of Rs. 5,00,00,000/- (Rupees Five Crore only) as compensation for the delay in handing over physical possession of the flat;

Pass such other order or orders as this Authority may deem fit and proper in the facts and circumstances of the case.

The Respondent appeared and filed a memo dated 24.02.2025, stating that due to the COVID-19 pandemic and other unfavorable market conditions, the project timeline had to be extended, and that there has been no intentional delay in the execution of the project. It was further stated that the flat allotted to the

Complainant would be handed over for interior work by 31st March 2025, and that occupancy would be granted by June 2025. The Respondent requested all stakeholders to consider and accept the revised timelines in light of the market challenges faced over the past few years. It was also submitted that the project comprises 668 flats, and despite adverse conditions, continuous efforts have been made to sustain and complete the development. The Respondent emphasized that its sole intention is to complete the project and ensure timely handover to all customers.

Section 18. (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) 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.

(2) The promoter shall compensate the allottees in case of any loss caused to him due to defective title of the land, on which the project is being developed or has been developed, in the manner as provided under this Act, and the claim for compensation under this subsection shall not be barred by limitation provided under any law for the time being in force.

(3) If the promoter fails to discharge any other obligations imposed on him under this Act or the rules or regulations made thereunder 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.

On a plain reading of the above proviso, it is evident that if the promoter fails to complete the project or is unable to deliver the apartment in accordance with the terms of the Agreement for Sale, and where the allottee does not intend to withdraw from the project, the promoter is liable to pay interest for every month of delay until possession is handed over, at such rate as may be prescribed.

In the present case, the Respondent specifically stated in the Agreement for Sale that possession of the flat would be handed over by June 2021. However, the Respondent failed to deliver possession within the stipulated time and subsequently filed a memo stating that, due to the COVID-19 pandemic and other unfavorable market conditions, the project timeline had been extended. The Respondent further submitted that the delay was not intentional and gave an undertaking that the flat would be handed over by 31.03.2025.

This Authority acknowledges that delays attributable to the COVID-19 pandemic (Force Majeure) for the period from 23.03.2020 to 25.09.2020 should be exempt from penalty. However, the Respondent cannot now, after a considerable lapse of time, continue to rely on COVID-19 as a justification for prolonged non-compliance. Any delay beyond the RERA-granted Force Majeure period is not justifiable.

Accordingly, the Respondent is liable to pay interest for the extended delay beyond the exempted period.

In the present case, the Complainant does not intend to withdraw from the project but seeks interest for every month of delay until possession is handed over.

As far as the relief claimed by the complainant for payment of compensation is concerned, the appropriate forum for such relief is the Adjudicating Officer. If the parties so desire, they may file a claim petition before the appropriate forum for compensation.

In view of the above facts and circumstances, in exercise of powers conferred under Section 37 of the RERA Act, the Authority hereby issues the following directions:

i. The respondents are directed to complete Flat No. B-502, 5th Floor, B-Block, "SRIVALLI PRAVAS" located at Kaza, NH5 Vijayawada-Guntur Highway, Amaravati and hand over possession to the complainant by obtaining the occupancy certificate within six months from the date of this order.

ii. The respondents are directed to pay interest @ 11% (SBI MCLR 9% + 2%) p.a, calculated from the date of deposit until realization, excluding the period covered under the RERA-granted exemption for COVID-19.

iii. The respondents are directed to pay ₹10,000/-(Rupees Ten thousand only) towards the legal expenses incurred by the complainant.

iv. In case of non-compliance with this order, additional penalties shall be imposed as per Section 63 of the RERA Act, 2016.

*An appeal lies to the Appellate Tribunal within a period of 60 days from the date of receipt of a copy of this order, as per Section 44 of the Real Estate (Regulation and Development) Act, 2016.

(Typed as per the dictation of the Authority, corrected, and pronounced by the Authority in open court on this 21st day of April, 2025.)

MEMBER

MEMBER