



THE ANDHRA PRADESH REAL ESTATE REGULATORY AUTHORITY  
AT: VIJAYAWADA

On 4<sup>th</sup> day of August, 2025.

Corum: Sri E.Rajasekhara Reddy, Hon'ble Member,  
Sri. U.S.L.N.Kameswara Rao, Hon'ble Member,  
Sri. A.Jagannadha Rao, Hon'ble Member.

Complaint No:2/2024

**Between:**

Sri. Somayajula Arjuna Prasad  
S/o. Late Pitchaiah Sastry,  
D.No.9-7-54, Gandhi Nagar,  
Gajuwaka, Visakhapatnam.

...Complainant

And

1. M/s. Raki Avenue Private Limited,  
Rep. by its Managing Director Ramayya Venu.  
Registered Office at: 73-22-4A,  
Balarama Krishnamraju Nagar,  
Behind Gail Office, Ava Road,  
Rajahmundry , East Godavari-533103.
  
2. Sri. Ramayya Venu,  
S/o. Ramayya  
73-22-4A, Balarama Krishnamraju Nagar,  
Behind Gail Office, Ava Road,  
Rajahmundry , East Godavari-533103.

...Respondents

**O R D E R**

The complainant has filed the present complaint under Section 31 of the Real Estate (Regulation and Development) Act, 2016 (hereinafter referred to as "the Act") alleging that the respondent promoter failed to perform its obligations as



per the agreement of sale and violated the provisions of the Act and the Andhra Pradesh Real Estate (Regulation and Development) Rules, 2017.

It is stated that the respondent company, M/s. Raki Avenues Private Limited, represented by its Managing Director Sri Ramayya Venu, engaged in real estate and construction business, promoted a residential project titled "Chandrika Avanthika Phase-II", situated at Velugubandha Village, Chakradwarabandam, Rajanagaram Mandal, East Godavari District, bearing RERA Registration No. P04280040046. The Managing Director represented to the complainant that the project had great development potential and assured that the construction would be completed within the stipulated period ending on 12.04.2024, as per the registration details.

Believing these representations, the complainant agreed to purchase Flat No. 802 (East Facing), Block-8 ("Kali Block") on the first floor, admeasuring 1375 sq. ft. built-up area, and entered into an Agreement of Sale dated 27.04.2021 with the respondent company. The complainant paid the entire sale consideration of ₹20,00,000/- (Rupees Twenty Lakhs only) to the respondent as per the agreed terms.

The complainant contends that, after receipt of the entire consideration, the respondent failed to provide the stage-wise construction schedule as mandated under Section 11(4)(a) of the Act and stopped responding to his communications. Upon verification at the project site, the complainant discovered that the work had not progressed beyond the foundation stage, even though only three months remained for the promised date of possession. The complainant made repeated attempts to contact the company's representatives and Managing Director, but they failed to respond or meet him, deliberately avoiding all communication.



It is further alleged that despite collecting the full consideration, the promoter has failed to complete the project within the stipulated timeline, has not applied for extension of registration as required under Section 6 of the Act, and has thereby acted in violation of Sections 11, 14, and 18 of the Real Estate (Regulation and Development) Act, 2016.

Aggrieved by the inaction and failure of the promoter to perform its contractual and statutory duties, the complainant cancelled the Agreement of Sale dated 27.04.2021 and approached this Authority seeking refund of the amount paid, along with interest and other consequential reliefs.

Accordingly, the complainant seeks the following reliefs:

1. Refund of the entire sale consideration of ₹20,00,000/- (Rupees Twenty Lakhs only) along with interest as prescribed under Rule 16 of the Andhra Pradesh RERA Rules, 2017, from the date of payment till realization;
2. Any other relief(s) deemed fit and proper in the interest of justice and equity.

As an interim measure, the complainant prays that the Hon'ble Authority restrain the respondent, its agents, representatives, or any person claiming through them, from alienating, encumbering, or creating third-party rights over Flat No. 802 (East Facing), Block-8 (Kali Block), Chandrika Avanthika Phase-II, Velugubandha Village, Chakradwarabandam, Rajanagaram Mandal, East Godavari District, pending disposal of the complaint.



The respondent company, M/s. Raki Avenues Private Limited, represented by its Managing Director Sri Ramayya Venu, has filed its counter denying the material allegations made in the complaint and contending that the complaint is not maintainable either in law or on facts and is liable to be dismissed.

It is admitted that the respondent company is duly incorporated and engaged in the business of real estate and construction, and that the complainant had entered into an Agreement of Sale with the respondent in respect of Flat No. 802, Block-8 (Kali Block), Chandrika Avanthika Phase-II. It is further admitted that the construction of the project could not be completed within the stipulated time; however, the delay, according to the respondent, was neither willful nor deliberate but was caused due to factors beyond its control.

The respondent submits that the delay in completion of the project was primarily due to shortage of sand and other construction materials, non-availability of labour, and severe financial constraints faced during and after the COVID-19 pandemic. It is stated that during the lockdown period, the Government had restricted most construction and commercial activities, permitting only essential services, which caused unavoidable disruption in the construction process.

The respondent further submits that several allottees who entered into agreements for purchase of flats in the same project failed to adhere to their payment obligations, resulting in a serious cash flow crisis for the company. Despite these financial difficulties, the respondent asserts that it has made continuous efforts to mobilize funds from its own resources to continue the construction and fulfil its commitments to allottees.



It is also alleged that certain local persons illegally interfered with and obstructed the construction activities at the site, thereby causing further delay. The respondent contends that these circumstances constitute supervening impossibilities and that there is no willful default or negligence on its part.

The respondent emphasizes that it remains committed and willing to complete the project and hand over possession of the respective flats, including that of the complainant, within a period of two to three years, and therefore, the demand for compensation and penalty is unreasonable and contrary to the principles of natural justice.

Accordingly, the respondent prays that this Hon'ble Authority may be pleased to record its undertaking to complete the project within the stated time frame and dismiss the complaint as being premature, devoid of merit, and not maintainable in law, in the interest of justice and equity.

The complainant asserts that the respondent has admitted in paragraph 1 of its counter that an Agreement of Sale dated 27.04.2021 was executed with the complainant, under which the complainant paid a total consideration of ₹20,00,000/- (Rupees Twenty Lakhs only) towards the purchase of Flat No. 802, Block-8 (Kali Block), Chandrika Avanthika Phase-II. Hence, the plea taken by the respondent regarding non-payment of instalments is inapplicable to the complainant's case, as the full consideration was already paid.

It is further contended that the defence of delay due to COVID-19 pandemic is also untenable, as the agreement was executed after the pandemic restrictions were lifted, and therefore, the respondent was fully aware of its contractual commitments and construction obligations at the time of entering into the agreement.



The complainant submits that the plea of "Force Majeure" is an afterthought, taken merely to seek unwarranted time of two to three years for completion of the project, despite having already failed to commence or show substantial progress in construction. The complainant also highlights that the respondent has closed its office at Rajahmundry without prior intimation, leaving no responsible person available for communication or grievance redressal, further evidencing lack of bona fides.

In conclusion, the complainant reiterates that he has sought refund of ₹20,00,000/- along with interest and costs under Section 18 of the Real Estate (Regulation and Development) Act, 2016, as prayed for in Form-M, and requests this Hon'ble Authority to order refund with applicable interest and costs at the earliest, in the interest of justice, equity, and fair play.

The Complainant has elected to withdraw from the project under Section 18(1)(a) of the RERA Act, 2016, and accordingly seeks refund of the amount paid, along with interest and legal costs.

As per Section 18(1)(a) of the Act, if the promoter fails to complete or is unable to give possession of the apartment in accordance with the terms of the Agreement for Sale, or as per the statutory timelines under the Act, the allottee is entitled to withdraw from the project and claim refund of the entire amount paid, along with interest at the rate prescribed under the Rules.

The relevant statutory provision under Section 18(1)(a) reads as follows:

*"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...

*he shall be liable on demand to the allottee, 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, with interest at such rate as may be prescribed..."*

In the present case, the Respondents have failed to complete the construction, obtain Occupancy Certificate, or hand over possession of the unit to the Complainant. These actions constitute a clear violation of the statutory obligations imposed under the Act and the terms of the registered agreement for sale:

The Complainant's right to withdraw from the project and seek refund is therefore fully protected under law.

The ruling of the Hon'ble Supreme Court in Imperia Structures Ltd. vs. Anil Patni & Anr., (2020) 10 SCC 783, squarely applies. The Hon'ble Court held:

*"In terms of Section 18 of the RERA Act, if a promoter fails to complete or is unable to give possession of an apartment duly completed by the date specified in the agreement, the promoter would be liable, on demand, to return the amount received by him... if the allottee wishes to withdraw from the project. Such right is unqualified, and the money has to be refunded with interest as prescribed." (emphasis supplied).*



In accordance with Rule 16 of the Andhra Pradesh Real Estate (Regulation and Development) Rules, 2017, the prescribed rate of interest for delay or refund is SBI's highest Marginal Cost of Lending Rate (MCLR) + 2%, which is presently 11% per annum, payable from the respective dates of payment made by the Complainant until the date of realization.

Accordingly, in exercise of powers conferred under Section 37 of the Real Estate (Regulation and Development) Act, 2016, this Authority hereby issues the following directions:

- i. Respondents 1 & 2, jointly and severally, are directed to refund the sum of ₹20,00,000/- (Rupees Twenty Lakhs only) to the Complainant, along with interest @ 11% per annum (i.e., SBI MCLR 9% + 2%), calculated from the respective dates of payment, within 30 days from the date of this order until the date of actual realization.
- ii. The Respondents shall further pay ₹10,000/- (Rupees Ten Thousand only) to the Complainant towards legal expenses incurred in pursuing this complaint.
- iii. As far as the claim for damages under Section 18(3) of the Act is concerned, the instant complaint filed by the promoter, bearing No. 2 of 2024, is hereby referred to the Adjudicating Officer for adjudication of compensation in terms of Section 71 of the Real Estate (Regulation and Development) Act, 2016.



- iv. Any failure to comply with this order shall attract further proceedings under the Act, including but not limited to imposition of penalty under Section 63 of the Act.

\*As per Section 44 of the Act, an appeal against this order lies before the Real Estate Appellate Tribunal, Andhra Pradesh, within a period of sixty (60) days from the date of receipt of this order.

(Typed as per the dictation of the Authority, corrected and pronounced in open court on this 4<sup>th</sup> day of August, 2025.)

Sd/-  
Sri. E.Rajasekhara Reddy  
Member

Sd/-  
Sri. U.S.L.N.Kameswara Rao  
Member

Sd/-  
Sri. A.Jagannadha Rao  
Member

//Forwarded:: By Order//



