



**THE ANDHRA PRADESH REAL ESTATE REGULATORY AUTHORITY
AT: VIJAYAWADA**

On 4th 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:3/2024

Between:

Sri. Pathan Jani Basha,
S/o. Pathan John Khan,
House No: 11-1-116,
Turpubavi Bazar (Jandha Chettu Bazaar),
28th ward, Macherla,
Palnadu District-522426.

...Complainant

And

1. M/s. Raki Avenue Pvt. Ltd.,
Rep. by its Managing Director,
Ramayya Venu, S/o. Ramayya, Hindu,
R/o.D.No.54-14/6-3A1, Bharathi Nagar, Vijayawada.
2. Jasti Shiva Prasadu,
S/o. Jasti Ramabraham,
R/o. F 818, 15th Cross, Bharti Nagar,
1st Phase, Bangalore North, Bangalore.
3. Jasti Jagan Mohana Rao,
S/o.Jasti (Late) Nagabhushanam,
Residence: Door no. 15-4/ A, Asha Hospital Road,
Gollapudi Village, Vijayawada.



4. Kasanneni Venkata Sambasiva Rao,
S/o. Kasanneni (Late) Chandramouleswara Rao,
Residence: Door no. 10-252, Society Peta,
Gannavaram Village, Gannavaram Mandal.
5. Kasanneni Janardhana Rao,
S/o. Kasanneni (Late) Chandramouleswara Rao,
Residence: Door no. 10-244, Society Peta,
Gannavaram Village, Gannavaram Mandal.
6. Allamuneni Rani Garu,
W/o. Allamuneni Shiva Shankara Prasad,
Residence: Door no. 15-72,
Ummaiya Gari Street Landmark Centre,
Gollapudi Village, Vijayawada Rural Mandal.
7. Alla Veeriaah Chowdary,
S/o. Alla Ramachandra Rao,
Residing: Door No.2-72, Peda Avutapalli Village,
Unguturu Mandal, Krishna District.
8. Tummala Vijayalakshmi,
W/o. Tummala Raghavendra Rao,
Residence: Door No. 17-96,
Marlapalem Village, Gannavaram Village,
Gannavaram Mandal, Krishna District.



9. Polavarapu Radha Krishna,
S/o. Polavarapu Ram Prasad,
Rep. by his GPA Polavarapu Ram Prasad,
S/o. Polavarapu Purnaiah, age: 64 years,
D.No. 12-139, Flat No.G-2, Srinivas Apartments,
Penamalur Village, Penamalur Mandal.
10. Kambhampati Vijay Kumar,
S/o.Kambhampati Ramesh Babu,
Present Residence: U.S.A.
Rep. by his GPA Kambhampati Ramesh Babu,
S/o. Kambhampati Venkateswara Rao,
Door no. 16-81, Marlapalem Sivaru, Gannavaram Village,
Gannavaram.
- 11.Kambhampati Ajay Kumar,
S/o.Kambhampati Ramesh Babu,
Rep. by his GPA Kambhampati Ramesh Babu,
S/o.Kambhampati Venkateswara Rao,
D.No.16-81, Gannavaram Village,
Gannavaram Mandal, Krishna District.
- 12.Kosaraju Srinivasa Rao,
S/o. Kosaraju Radhakrishna,
Residence: Door No.3-119,
Peda Avutapalli Village, Unguturu Mandal,
Krishna District.



13. Saladi Polavathi,
D/o. Saladi Venkatapathi,
W/o. Pacchigolla Venkata Ramayya Gupta,
Residence: D.No.10-121,
Aditi Sivaiah Gari Building, Ram Nagar,
Gannavaram Village, Gannavaram Mandal,
Krishna District.
14. Chigurupati Sumalatha,
W/o. Chigurupati Balakrishna,
R/o. D.No.1-11, Penamalu Village, Penamalu Mandal,
Krishna District.
15. Dutta Tulsi Padmaja,
W/o. Dutta Ramachandra Prasad,
R/o. D.No.21-11/5-3/1A, 5th Line,
Saibaba Colony, Opposite Railway Station,
Maduranagar, Vijayawada-11.
16. Alla Giridhar,
S/o. Alla (Late) Hariprasad,
R/o. D.No.2-167, Near Gandhi Bomma,
Peda Auutapalli Village, Unguturu Mandal,
Krishna District.
17. Vadapalli Venkata Ramana Raju alias Peda Venkata Ramana Raju,
S/o. Vadapalli Lingaraju,
R/o. D.No.1-25/1, Station Road, Marampally Village,
Tadepalligudem Mandal, West Godavari District.

...Respondents



ORDER

This complaint is filed under Section 31 of the Real Estate (Regulation and Development) Act, 2016 ("the Act"), seeking refund of the advance amount paid towards purchase of an apartment in the project "CHANDRIKA AYODHYA PHASE-2", situated at Gannavaram Village, Krishna District, on account of failure by the promoter to commence or complete construction and deliver possession in terms of the Agreement for Sale.

The complainant entered into an Agreement for Sale dated 05.11.2018 with the 1st Respondent, a Private Limited Company engaged in real estate development, for the purchase of a two-bedroom flat bearing No. 1102 on the first floor of the 11th Block ("ANIKHA") in (D) Block of the said project.

The project was being developed by the 1st Respondent under a registered Development Agreement with Respondents No. 2 to 17, who are the landowners of 23,812 Sq. Yards (equivalent to Ac. 4.92 Cents) in Survey Nos. 123/3A1, 123/3A2, 123/3B, 123/3B2, and 123/3C, duly registered as Document No. 8568/2018 dated 03.12.2018 at the Sub-Registrar Office, Gannavaram.

The total sale consideration under the Agreement was ₹25,00,000/- (Rupees Twenty Five Lakhs only). The complainant paid ₹3,00,000/- as advance consideration through online transfers, which were duly acknowledged in the Agreement.



As per Clause 2 of the Agreement for Sale, the 1st Respondent was obligated to complete construction and hand over possession of the flat along with car parking within 24 months, i.e., on or before 04.11.2020.

Despite repeated requests and follow-ups, the 1st Respondent failed even to commence meaningful construction of Phase-2, let alone complete it or deliver possession. The complainant remained ready and willing to perform his obligations under the Agreement, but the 1st Respondent failed to fulfill its contractual obligations.

The complainant further submits that although delays were initially attributed to the Covid-19 pandemic, no meaningful construction has taken place even after resumption of normal activity for over two years. Despite repeated personal visits and demands, the 1st Respondent failed to offer any effective resolution.

The project was registered with AP RERA, but its registration expired on 23.11.2023 without completion. To prevent alienation, this Authority passed an interim attachment order dated 21.04.2025 under Section 36 of the Act, which was implemented by the District Collector.

An inquiry directed by this Authority and conducted by the Commissioner, AP CRDA, led to submission of a report dated 28.03.2025, confirming that the project has been abandoned by the promoter without completion.

The Respondent No.1 has filed a counter, denying most of the allegations made in the complaint as untrue and contending that the complaint is not maintainable in law and is liable to be dismissed. It is admitted that Respondent



No.1 is an incorporated company represented by its Managing Director and that an Agreement of Sale dated 05.11.2018 was entered into with the Complainant in respect of the subject schedule property. The Respondent further states that construction of the project was duly commenced.

The Respondent No.1 denies the allegation that construction was not completed on time. It is contended that under the Agreement of Sale, the Complainant was required to pay an initial sum of ₹3,00,000/- at the time of agreement and the balance consideration in 24 monthly instalments. However, the Complainant failed to pay any instalment thereafter. As per the recitals in the Agreement, if three instalments are continuously defaulted, the allotment stands cancelled, and the amounts paid would be refunded after deducting 30%, along with additional charges of ₹2,500/- for delay. It is further contended that in case of cancellation by the purchaser, the Agreement provides for payment of 24% interest on the balance consideration. Hence, the Agreement stood cancelled due to non-payment of instalments by the Complainant.

It is further submitted that the construction was delayed due to factors beyond the Respondent's control, namely non-supply of sand, shortage of labour, non-availability of raw materials, obstruction by local persons, and the unprecedented Covid-19 pandemic and its aftermath. These circumstances, being supervening impossibilities, hindered the progress of the project, without any willful default or negligence on the part of the Respondent. The Respondent asserts its bonafides by pointing out execution of agreements and continuous efforts to mobilize funds and materials, despite severe impediments.



The Respondent No.1 affirms that construction is underway and undertakes to complete the project within two to three years, thereafter handing over possession to the respective allottees, including the Complainant. It is contended that payment of compensation or other charges in the circumstances is unreasonable, illegal, and contrary to the principles of natural justice.

Accordingly, the Respondent No.1 prays that the Hon'ble Authority may be pleased to dismiss the complaint, while recording the undertaking of the Respondent to complete the project and deliver possession within the stipulated period, failing which irreparable loss and hardship will be caused to the Respondent.

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 project stands abandoned as confirmed by the APCRDA inquiry report, and 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).



Further, under Section 2(zk) of the Act, the term "Promoter" includes not only the developer, but also the landowner who has entered into a development agreement and derived benefits from the project. Therefore, the liability is joint and several, and internal arrangements between the developer and landowner cannot be used as a defense against the allottee's statutory rights.

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 to 17, jointly and severally, are directed to refund the sum of ₹3,00,000/- (Rupees Three 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. 38 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 4th 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//



