

Advantage Consumer

Monthly News Letter of Consumer Protection Council, Rourkela

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Queries & Answers through the Web

(www.advantageconsumer.com is the website of Consumer Protection Council, Rourkela. One of the major attractions of the website is that a visitor can ask queries on issues relating to consumer protection. Answers to these queries are made free of cost, by the Chief Mentor of the Council, Sri B. Vaidyanathan.)

Cost escalation by the Housing Board for the allotted house cannot be justified by enhancing the cost of the land allotted for the house. Allottee provided relief.

IN THE NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION
NEW DELHI

FIRST APPEAL NO. 794 OF 2017

(From the order dated 02.03.2017 in CC No. 2016/28 of the State Consumer Disputes Redressal Commission Chhattisgarh)

Girish Kumar Pandey
s/o Sh. Suraj Prasad Pandey
r/o 1 Nirala Nagar, Telephone Office Road
in Flot of Raja Hotel, Bilaspur
Chhattisgarh

... Appellant (s)

Versus

Chhatisgarh Housing Board
Division Bilaspur
Nehru Nagar
Bilaspur (Chhattisgarh)
Through its Executive Engineer

Respondent(s)

BEFORE:

HON'BLE DR. INDER JIT SINGH, PRESIDING MEMBER
HON'BLE DR. JUSTICE SUDHIR KUMAR JAIN, MEMBER

Dated : 28.11.2025

ORDER

1. Heard counsel for both sides. The appellant was also present in person and was heard in addition.
2. Challenge is to the order dated 02.03.2017 of the State Commission vide which complaint filed by the Appellant herein was dismissed as not being maintainable. The operative portion of the order of the State Commission is reproduced below:
 20. From the perusal of the complaint, it appears that the dispute between complainant and OP is relating to fixation of price and extra amount taken by the OP in respect of house in question. In these circumstances, in view of the judgments cited above, this Commission has no jurisdiction to decide the dispute, regarding escalation of price, therefore, the complaint of the complainant is not maintainable.
 21. The complainant is not entitled to get any reliefs from this Commission and the complaint is liable to be dismissed.
 22. Therefore, the complaint filed by the complainant against the OP being devoid of any merit is liable to be dismissed, hence the same is dismissed. Parties shall bear their own cost.
3. It is the case of the complainant that in the advertisement issued for the independent houses, the estimated price indicated for the category of house which was allotted to the complainant was Rs.20.40 lakhs and registration amount for the same was Rs.3.10 lakhs which was duly paid by them. This advertisement in condition no.5 states that service tax, lease rent and land surplus expenditure will be approximately 10% extra. Subsequently, an allotment letter was issued (page 55-56) wherein also, estimated price is mentioned as Rs.20.40 lakhs and this letter contains schedule of payment. Complainant contended that they have made all the instalments. This letter also makes a mention that there will be some additional charges payable according to the rules of the Board like for the plot being the corner, it will be 10% more of the price, for single unit 5% more, better location, lease rent, MLC, water tax etc payable at the time of finalization of the building's final price. (Page 55-56). Subsequently, price of the house in question was . enhanced by the OP- Housing Board and additional amount was demanded. Although, complainant has not placed on record such communication through which enhanced price was demanded stating that no such communication was received by them. The OP's, as part of their reply to the First Appeal, has placed on record copy of their letter as Annexure-R-1, which he claims is dated 26.02.2015, although no date is mentioned, as only typed copy

has been placed on record without placing on record photocopy of the original communication which could have indicated its date of issuance. Even going by this letter, the total value has been indicated as Rs.31,51,159/- . One of the . component mentioned in this letter is purchase value of plot at Rs. 7,70,000/-. Besides this, there are certain other items like building permit fee, surcharge, document fee etc, which are small amounts ranging from Rs. 1000/- to Rs.5000/, Final lease rent for 11 years (for 30 years) Rs.46,585/-, land maintenance cost (MLC) lump sum(one time settlement) Rs. 77,000/-, service tax Rs.89,074/- etc. Further, as per costing table in this letter, the value of the building has been shown as Rs. 21, 62,000/-. While right of the OP-Housing Board to enhance the price and charge certain other charges as indicated in the advertisement and allotment letter is not in question, as they do have such right, the main issue which has cropped up for consideration during the hearing is whether the tentative price of the house in question as advertised and as contained in the allotment letter is inclusive of the plot cost or exclusive of that. A careful perusal of both these documents shows that there is no mention anywhere in these two documents that tentative house cost is exclusive of the plot cost. Even if it was to be exclusive of the plot cost, it was duty of the Housing Board to have at least indicated a tentative plot cost as well in these two documents while indicating the tentative building cost, which according to them is only the cost of construction.

4. Counsel for the complainant also drew our attention to the documents of registration of similar units wherein the plot cost has been shown as inclusive of the total cost, contending that these unit(s) is also in the same project / scheme, although counsel for the OP submitted that these were not under the said advertisement.
5. The complainant / appellant herein has relied on the various judgments during the hearing, which are listed below:
 - a. Greater Noida Industrial Development Authority Vs. Anand Kumar 2015 17 SCC 620.
 - b. Sangwan Heights Pvt. Ltd. Vs. Praveen Chandra Trivedi — 2018 SCC Online NCDRC 447
 - c. Satish Kumar Vs. Managing Director 2017 SCC Online NCDRC 1921
 - d. Satish Kumar Pandey Vs. Unitech Ltd. 2015 SCC Online NCDRC 14
 - e. Bangalore Development Authority Vs. Syndicate Bank — 2007 6 SCC 711
 - f. Haryana Urban Development Authority Vs. Raj Mehta — 2005 9 SCC 510
 - g. Ghaziabad Development Authority Vs. Balbir Singh 2004 5 SCC 65.
 - h. Lucknow Development Authority Vs. M K Gupta (1994) 1 SCC 243

6. We have also carefully perused the written version of the Housing Board and heard learned counsel representing the Housing Board and are of the considered view that no satisfactory answer has been given as to how the plot cost can be added later on when there is no indication in the advertisement and allotment letter that the cost indicated therein is only the cost of construction of building and does not include the plot cost. Hence, we are of the considered view that the issue relating to inclusion of the plot cost at a later stage after the issuance of the advertisement and the allotment letter is not an issue relating to the pricing per se or the power of the Housing Board to enhance the cost for construction or charge various other items which have been broadly indicated in the advertisement and the allotment letter.
7. In view of foregoing, we are of the considered view that State Commission did not address this critical issue and treated the revised cost of Rs. 31,51,159/- as enhanced cost from the tentative cost of Rs. 20,40,000/- indicated in the advertisement / allotment letter.
8. After careful consideration of the entire facts and circumstances of the case, we hold that the estimated price indicated in the advertisement and the subsequent allotment letter has to be treated as inclusive of the plot cost. Hence, OP-Housing Board is not justified in adding the plot cost subsequently. Accordingly, we disallow the addition of amount of Rs. 7,70,000/- towards plot cost in their subsequent communication, copy of which has been placed as part of their reply vide Annexure R-1. However, we accept their right to enhance the cost of the building i.e. cost of construction which was tentatively indicated as Rs. 20,40,000/- which as per the R-1 letter stands at Rs. 21,62,000/-, as this much enhancement in the cost of construction seems reasonable as well as understandable during the course of construction period and the Housing Board did declare that it was a tentative cost. Further, we also accept the right of the Housing Board to charge certain other items like surcharge, document fee, MLC etc. As indicated in the said R-1 letter. Hence, only item which is not admitted is the plot cost of Rs. 7,70,000/-.

For other items, we accept the right of the Housing Board to charge these items. Accordingly, price of the house in question should be treated as Rs. 23,81,159/- (Rs. 31,51,159 – Rs. 7,70,000/-). During the hearing, counsel for the complainant admitted that so far they have paid an amount of about R. 21,68,000/-. Hence, they are liable to pay the balance amount i.e. Rs. 2,13,159/- (Rs. 23,81,159 – Rs. 21,68,000) amount paid subject to verification based on actual receipts as it is based on complainant's statement only). **Accordingly, order of the State Commission cannot be sustained and is set aside. The First Appeal is allowed with following directions:**

- a. Complainant / Appellant is granted 45 days' time from the date of receipt of certified copy of this order to pay the balance amount as indicated above (subject to actual verification based on earlier payments).
- b. This amount shall be paid by the complainant along with interest @ 9% p.a. from the date house was fully completed by the Housing Board and all requisite approvals were in place (last of such dates) . till the date of actual payment.
- c. Housing Board shall check the date of completion of the house and obtaining of all requisite approvals as per their record and intimate the same to the complainant within 2 weeks from today and also intimate the exact amount payable keeping in view the above said order to enable the complainant to deposit the amount.
- d. As soon the demanded amount is deposited, Housing Board shall deliver the actual physical possession of the house in question, complete in all respects as per the promised specifications and amenities, if any, and also take all requisite steps for registration of conveyance deed, for which requisite stamp duty and other charges need to be borne by the parties as per their respective liabilities.
- e. Parties to bear their own respective costs.
- f. First Appeal No. 794 of 2017 stands disposed off as per above stated order.
- g. Pending IAs, if any, also stand disposed off.

h. Housing Board shall check the date of completion of the house and obtaining of all requisite approvals as per their record and intimate the same to the complainant within 2 weeks from today and also intimate the exact amount payable keeping in view the above said order to enable the complainant to deposit the amount.

i. As soon the demanded amount is deposited, Housing Board shall deliver the actual physical possession of the house in question, complete in all respects as per the promised specifications and amenities, if any, and also take all requisite steps for registration of conveyance deed, for which requisite stamp duty and other charges need to be borne by the parties as per their respective liabilities.

j. Parties to bear their own respective costs.

k. First Appeal No. 794 of 2017 stands disposed off as per above stated order.

l. Pending IAs, if any, also stand disposed off. ■

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