

2026 LiveLaw (SC) 185

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

***PAMIDIGHANTAM SRI NARASIMHA; J., ALOK ARADHE; J.*
CIVIL APPEAL NOS.10527 - 10528 OF 2024; February 20, 2026**

SRIGANESH CHANDRASEKARAN & OTHERS *versus* M/S UNISHIRE HOMES LLP & OTHERS

Consumer Protection – Joint Development Agreement (JDA) – Liability of Landowners for Delay in Construction – Held: Landowners cannot be held jointly and severally liable with the developer for deficiency in service arising from construction delays if the obligation to construct rests solely with the developer under the JDA and the General Power of Attorney (GPA) - The developer's right to enter into sale agreements and undertake construction for their share of the property, coupled with indemnity clauses protecting landowners from the developer's breaches, shifts the liability for delay compensation exclusively to the developer.

Principal and Agent Relationship – General Power of Attorney – Held: The execution of a GPA by landowners in favor of a developer to facilitate sale agreements and title transfers does not automatically make the landowners liable for the developer's specific failures in construction, especially when no acts or omissions are attributed to the landowners regarding the delay - Held: While landowners are not liable for construction delay compensation, they remain jointly responsible with the developer to ensure the transfer of title and execution of sale deeds in favor of the flat buyers – Appeals dismissed. [Paras 12-16]

For Appellant(s): Mr. Chandrachur Bhattacharyya, Adv. Mr. Sahil Tagotra, AOR

For Respondent(s): Mr. Kumar Sudeep, AOR Mr. Vidya K Sagar, Adv. Mr. Jeevan R Patil, Adv. Mr. Nandlal Kumar Mishra, Adv. Dr. Sushil Balwada, AOR.

J U D G M E N T

ALOK ARADHE, J.

1. These appeals, filed under Section 67 of the Consumer Protection Act, 2019 arise out of the impugned judgment and final orders dated 30.07.2024 and 19.10.2023 passed by National Consumer Disputes Redressal Commission (Commission) in the Review Petition and consumer case respectively.

2. Facts giving rise to filing of these appeals, briefly stated, are that landowners entered into a Joint Development Agreement (JDA) with the developer on 24.02.2012 and executed General Power of Attorney (GPA) in favor of the developer. On 21.02.2013, the developer obtained the sanctioned plan and a construction licence. Thereafter, from 29.07.2013, onwards the developer executed the Memoranda of Sale Agreements with the flat buyers. Under the Sale Agreements, the developer agreed to handover the possession of flats within 36 months.

3. The initial 36 months period for handing over the possession of the flats expired on 24.08.2016. The grace period of six months also expired on 24.02.2017. However, the project remained incomplete. On 05.06.2017, the appellants issued a notice seeking redressal for delay in handing over the possession of the flats.

4. The appellants filed a Complaint before the Commission on 18.08.2017 alleging deficiency in service and unfair trade practices. By judgment and final order dated 19.10.2023, the Commission found deficiency in service due to delay of more than six

years in handing over the possession of the flats. The developer was directed to complete the construction of the flats allotted to the appellants, obtain occupancy certificate, if not already obtained and handover the possession of the flats within three months from the date of the order. The developer was further directed to pay interest @ 6% *per annum* on the amount deposited by the appellants from the due date of possession as per their respective agreements till the date of offer of possession, within six weeks, failing which delay interest would carry interest @ 9% *per annum*. The landowners were not held liable for delay, as the obligation to complete the construction rested solely with the developer.

5. The appellants filed a review petition seeking to hold the landowners jointly and severally liable and to enhance the compensation awarded, to Rs.5/- per square feet per month, as provided in the agreement, along with interest @ 6% *per annum*. By an order dated 15.12.2023 passed in Chamber, the Commission partly allowed the Review Petition and held the landowners jointly and severally liable for completion of construction and for payment of delay compensation. However, the relief to award delay compensation @ Rs.5/- per square feet along with 6% interest, on the deposits made by the appellants was declined. The Review Petition was accordingly disposed of.

6. The landowners challenged the aforesaid order dated 15.12.2023 before this Court in SLP (C) No.9470/2024. By an order dated 03.05.2024, this Court held that the order dated 15.12.2023 in the Review Petition was passed without affording any opportunity of hearing to the landowners. Accordingly, the order dated 15.12.2023 was set aside and the Commission was directed to dispose of the Review Petition after giving an opportunity of hearing to the contesting parties, within a period of six weeks.

7. By an order dated 30.07.2024, the Commission *inter alia* held that in view of JDA and Sale Agreement, the landowners cannot be held jointly and severally liable for the deficiency in service. However, the landowners and the developer were directed to transfer the title of the property in question and proceed with the execution of the sale deed in favour of the appellants. The Review Petition was thus partly allowed.

8. The challenge in these appeals is confined to the extent, the impugned orders hold the landowners not jointly and severally not liable along with the developer for payment of compensation for deficiency in service.

9. Learned counsel for the appellants submitted that the landowners had executed GPA in favour of the developer thereby creating a principal and agent relationship, and the principal is liable for deficient acts of the agent. Our attention was invited to various clauses of the Sale Agreement and it is contented that the landowners and the developer are jointly and severally responsible for deficiency in service. In support of the aforesaid submissions, reliance has been placed on the decisions of this Court¹.

10. Learned counsel for the landowners, on the other hand, submitted that under the JDA, the liability towards construction and delivery of the flats vested entirely with the developer and the landowners are fully indemnified by the developer against any liability. Our attention has been invited to Clause 7 of the JDA and Clauses 2 and 3 of GPA. It is contended that no relationship of principal and agent exists between the landowners and the developer and that the landowners are not signatories to the Sale Agreements. It is urged that the delay in delivery of possession of the flats to the appellants is not caused

¹ Syed Abdul Khader v. Rami Reddy & Ors., (1979) 2 SCC 601; Bangalore Development Authority v. Syndicate Bank, (2007) 6 SCC 711; Santhosh Narasimha Murthy & Ors. v. M/s Mantri Castles Pvt. Ltd. & Anr., (Civil Appeal No. 8418 of 2022); Akshay & Anr. v. Aditya & Ors. (Civil Appeal No.3642 of 2018) and Civil Appeal Diary No.37702 of 2024 and SLP (C) with Diary No. 33331 of 2024 vide its order dated 20.09.2024.

on account of any acts or omissions of the landowners. It is contended that the direction in para 11 of the impugned judgment dated 30.07.2024 to transfer the title to the appellants and to execute the Sale Deeds is illegal and unimplementable. It is, therefore, urged that the aforesaid direction is set aside and the appeals be dismissed.

11. Learned counsel for the developer, has supported the orders passed by the Commission.

12. We have considered the rival submissions and have perused the records. Clause 7 of the JDA executed between the landowners and the developer provides for mutual indemnities between the parties. Clauses 7.1 and 7.4 which are relevant for the purposes of controversy involved are extracted below: -

“7. INDEMNITY

7.1 The FIRST PARTY/OWNERS hereby confirm that their title to the Schedule Property is good marketable and subsisting and that none else have any right, title interest or share in the Schedule Property and that the Schedule Property is not subject to any encumbrances, attachment or taxation or acquisition proceedings or charges of any kind. The FIRST PARTY/OWNERS shall keep the SECOND

PARTY/DEVELOPER fully indemnified and harmless, against any loss or liability, cost or claim, action or proceedings that may arise against the SECOND PARTY/DEVELOPER on account of any defect in or want of title on the part of the FIRST PARTY/OWNERS or on account of any delay caused at the instance of the FIRST PARTY/OWNERS.

XXX XXX XXX

7.4 The SECOND PARTY/DEVELOPER shall be entitled to enter into Sub Sale Agreements with the prospective PURCHASERS in respect of the SECOND PARTY/DEVELOPER constructed area in the Schedule Property along with proportionate undivided share in the land and in the event of any breach of the terms between the SECOND PARTY/DEVELOPER and the prospective PURCHASE/NOMINEE of the SECOND PARTY/DEVELOPER, the FIRST PARTY/OWNERS shall not be liable for any consequences thereof suffered by the SECOND PARTY/DEVELOPER shall always indemnify and keep indemnified the FIRST PARTY/OWNERS.”

13. Clauses 2 and 3 of the GPA executed by landowners in favour of the developer authorize the developer to enter into Sale Agreements, execute conveyances, receive consideration and complete registration formalities in respect of developer’s share. Clauses 2 and 3 are extracted below: -

“2. To enter into Agreement of Sale of 64% of undivided share of land in the Schedule Property to which the DEVELOPER is entitled to convey under the Joint Development Agreement and the constructed super built up area of 64% and proportionate car parking slots and to enter into any Agreement/s on such terms as our Attorney may deem fit with the prospective Purchaser/s and to obtain the registration of the Sale Agreement, Sale Deed/s, Rectification Deed, Supplemental Deeds, Confirmation Deed, Consent Deed, Cancellation Deed, Correction Deed or any other Assurance in relation to the share of the Developer in the Schedule Property and to present the said document/s for registration before the jurisdictional Sub Registrar or Registrar and to obtain the registration of the same, to sign all applications, declarations, affidavit, and forms as contemplated under the Karnataka Stamp Act and Rules and The Indian Registration Act and Generally to do all such lawful in relation to the registration of any Deed/s.

3. To receive the consideration for sale/transfer/conveyance, as also advances, earnest money deposits, pan payment and balance payment in regard to tire sale/conveyance/transfer of 64% of undivided share of the DEVELOPER in the Schedule Property therein and issue receipts and acknowledgements, if required.”

14. On a conjoint reading of the JDA and the GPA, it is evident that, in respect of the flats falling in developer's share, the developer has the right to enter into sale agreements, undertake construction, receive consideration, transfer possession and convey title. The construction has to be carried out by the developer. The delay in delivery of possession is in respect of flats falling to the share of the developer.

15. It is not the case of the appellants that there was a delay in construction on account of any act or omission on the part of the landowners. The liability to pay the delay compensation is sought to be fastened only on the ground that there is a relationship of principal and agent. The landowners are undoubtedly jointly responsible with the developer to ensure transfer of title to the appellants. The Commission, therefore, has rightly directed both the landowners and the developer to transfer the title and execute sale deeds in favour of the appellants. The Clauses relied upon by the appellants mainly, Clauses V, VII, 12(b) and 12(c) do not indicate that landowners are under any obligation to raise construction. For the lapse on the part of the developer, the landowners, who are in no way concerned with the construction, cannot be held liable for deficiency in service, particularly when the developer has indemnified them against acts of commission or omission in construction. The Commission has partly allowed the Review Petition and has rightly fastened the liability for delay compensation on the developer as it was responsible for the delay in construction. The appellants' interest has been fully protected as landowners as well as the developer have been directed to transfer title.

16. The reliance placed on orders passed by this Court on behalf of the appellants is misplaced and does not advance the case of the appellants. In **Akshay & ANR.** (supra), the State Commission and the NCDRC had held that the developer alone liable for payment of delay compensation and the aforesaid orders were upheld by this Court. The said decision, in fact, supports the landowners. In the order dated 20.09.2024 passed in Civil Appeal @ Diary No.37702/2024 with SLP (C) @ Diary No.33331/2024, the issue with regard to joint and several liability of landowners and the developer has not been adjudicated. Similarly, order dated 25.07.2023 passed in Civil Appeal No.8418 of 2022 directs the developer alone to pay the delay compensation. In any case, the issue with regard to joint and several liability of the landowners and the developer has to be decided in the facts of each case. Therefore, the aforesaid decisions are of no assistance to the appellants.

17. For the aforementioned reasons, we do not find any merit in these appeals. The same fail and are hereby dismissed.

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