**CASE SUMMARY**

DLF Qutub Enclave Residents Welfare Association Regd v. M/s. DLF Limited & Ors.

**District Court (Gurgaon)**

**CS No. 1215 of 2016**

1. **Facts**
2. The Qutub Enclave Residents Welfare Association (the “QERWA”) has sued DLF Limited and the Director Town and Country Planning Department Haryana for failing to provide adequate and wholesome water supply to property owners in DLF City Phases I, II, and III. QERWA’s principal contention is that DLF Limited has not built sufficient underground water storage tanks, especially in areas like E Block, where the population is high and the terrain is at a higher altitude. This deficiency is a breach of internal development commitments made by DLF Limited through its license terms, individual buyer’s agreements, and affidavits provided to the Director, Town and Country Planning Department, Haryana, at the time of obtaining a partial completion certificate.
3. Specifically, QERWA maintains that DLF Limited has not fulfilled its contractual obligations under the agreement dated 2nd August 1982 with the Director Town and Country Planning Department Haryana and the individual property buyers. QERWA argues that DLF Limited’s failure to construct adequate underground water tanks, particularly at E Block, has deprived residents of D and E Blocks of their rightful water supply, despite DLF Limited's affidavit acknowledging their responsibility to provide adequate water through wells or external sources. This has resulted in permanent water supply issues for the residents affected.
4. More generally, QERWA claims that despite the Haryana Urban Development Authority (“HUDA”) supplying water to DLF Limited, the lack of adequate underground water storage has led to limited or no water supply to residents. QERWA asserts that DLF Limited is contractually obligated to upgrade water lines and construct necessary underground water tanks as part of the internal development, for which they have already received payment indirectly through property sales. Additionally, Defendant No. 4, the Gurgaon Municipal Corporation, is preparing to take over the maintenance of DLF City, with DLF Limited directed to transfer possession of public roads, spaces, and health services to them.
5. As a consequence of non-development of the Underground Storage Water Tank along with boosting station, residents are facing the following issues:
6. Acute Water Shortage: Residents are experiencing a severe shortage of potable water and basic facilities due to increasing population.
7. Rising Population and Demand: With almost all houses, flats, and plots in QERWA Blocks occupied, the demand for water has significantly increased.
8. Water Charges and Expectations: Residents are paying water charges to DLF Limited based on plot area, with the expectation of receiving an “adequate and wholesome water supply” in return.
9. Distribution Inefficiency: Due to E Block being the last area to receive supply from the main overhead tank at B Block, residents in E and D Blocks struggle to receive water.
10. Dependence on Expensive Alternatives: The lack of a storage underground water tank at E Block has forced residents to purchase water from private suppliers at high costs.
11. Unfulfilled Development Obligations: Despite paying Internal Development Charges at the time of property purchase, residents have not received the promised “adequate and wholesome water supply,” which is a responsibility of the licensee, the Director Town and Country Planning Department Haryana, as per license terms and the individual property buyers’ agreement with DLF Limited.
12. Several representations were made to address the problems faced by the residents before the Defendants through letters but it served no purpose.
13. Aggrieved by the inaction of DLF Limited, QERWA by way of present suit for declaration with consequential relief of mandatory injunction seeks following reliefs:
14. That a decree of declaration to the effect that the residents of E Block and D Block are entitled to get adequate and wholesome water supply from DLF Limited and the other defendants.
15. That the DLF Limited be directed to construct Underground Water Tank for adequate capacity with proper boosting pump station within a time bound manner at E Block DLF Phase I, Gurgaon, to supply adequate and wholesome water supply for E Block and D Block residents, DLF Phase I, Gurgaon.
16. That a decree of mandatory injunction to restore the adequate and wholesome water supply to the households of E & D Block, DLF Phase – 1 for their delay may be passed in favour of QERWA.
17. In response to QERWA’s claims, DLF Limited argues that their responsibility for providing facilities and services, including water, in their developed colony is governed by the terms of the license issued by the Town and Country Planning Department and the Haryana Development and Regulation of Urban Areas Act, 1975, not by any contract with the members of the QERWA. They contend that they have complied with these terms, exceeding the requirements set by the Town and Country Planning Department in providing water tanks. DLF asserts that any issues related to water supply should be addressed under the aforementioned Act, rather than through the lawsuit, which they consider to be baseless.
18. DLF Limited further responds to QERWA’s request for the construction of an underground water tank with a boosting pump station at E Block, DLF Phase I, Gurgaon. They state that there is no legal or statutory basis for such a directive from the court. DLF emphasizes that the shortage of water supply, if any, is due to scarcity in water being supplied from HUDA and not due to a lack of infrastructure on their part. They also point out that the water supply issues are widespread in Gurgaon and not limited to DLF Phase I, suggesting that the problem lies in the supply from HUDA and not in the storage capacity provided by DLF.
19. Last, DLF Limited refutes QERWA’s allegations that they have failed to construct adequate water storage facilities. They insist that they have provided more than the required capacity for water storage, and that the problem of water scarcity is due to inadequate supply from HUDA and not because of their actions. DLF also denies any legal obligation to construct underground water tanks specifically at E Block or any other location. They argue that the water shortage is a broader issue affecting all residents of Gurgaon and is not solely related to the infrastructure provided by them.
20. **Issues**
21. The principal issue in this case is whether Defendant No. 1 (DLF Limited) (i) has contractual obligations to provide adequate and wholesome water supply to residents of DLF City Phases I, II, and III, and (ii) whether it failed to fulfil such obligations due to the alleged lack of sufficient underground water storage tanks, especially in high population and high-altitude areas like E Block. Consequently, the Court must determine what relief it should grant, if any, in the circumstances.
22. **Analysis**

The core of the dispute revolves around DLF Limited's alleged failure to fulfill its obligations to provide adequate water supply to residents of DLF City Phases I, II, and III. QERWA argues that DLF's lack of infrastructure, specifically insufficient underground water storage tanks, violates the commitments made to property buyers and legal obligations under the license agreement with the Town and Country Planning Department. DLF Limited counters by asserting compliance with all legal requirements, attributing any water scarcity to external supply issues from HUDA, and challenging the jurisdiction and responsibility claims against them and MCG. The case touches upon the critical issues of contractual obligations, the adequacy of urban infrastructure, and the interplay between private developers, local authorities, and residents' rights under urban development laws.

1. **Conclusion**

Given the complexities of the case, including the legal arguments, the responsibilities outlined by urban development regulations, and the factual disputes over water supply infrastructure, the court's decision will hinge on interpreting the contractual obligations of DLF Limited, the legal framework governing urban development, and the equitable distribution of essential services like water supply. The outcome could set a precedent for how obligations of developers are enforced and the role of municipal authorities in overseeing the provision of public utilities in privately developed urban areas.