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REAL ESTATE

Necessary Party or Peripheral Actor? OREAT Draws the Line in RERA Proceedings

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PUBLISHED 28 April 2026

Introduction

The determination of who constitutes a "necessary party" is central to the integrity of adjudicatory proceedings under the Real Estate (Regulation and Development) Act, 2016 ("RERA"). In *Soumya Ranjan Jena Vs. Priyata Lipsa and Ors.*[1], the Odisha Real Estate Appellate Tribunal ("OREAT") was called upon to examine whether an individual, allegedly connected to a project but not a party to the underlying transaction, could be impleaded in proceedings before the Regulatory Authority. The ruling provides important clarity on the limits of impleadment under Section 31 of RERA and reinforces the principle that liability must be grounded in statutory roles rather than speculative association.

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Factual Background

The dispute arose from a complaint filed by a homebuyer seeking execution of a sale deed and grant of occupancy certificate in respect of a residential flat in the project "Basera Aangan" in Bhubaneswar. The complainant had entered into a Flat Purchase Agreement in 2013 with the promoter-company and had paid substantial consideration based on assurances of timely possession. However, despite repeated assurances, the project remained incomplete, and possession was delayed over several years.

In her complaint before the Regulatory Authority, the homebuyer impleaded not only the promoter-company and its Managing Director but also the appellant, who was described as being "in-charge of the building site." The impleadment was based on allegations that the appellant had interacted with the complainant during site visits and had assured completion of the flat, and that he had some degree of involvement in the project.

The appellant challenged his impleadment, contending that he had no contractual or legal nexus with the transaction and was neither a director nor an authorised representative of the promoter-company. The Regulatory Authority, however, rejected his application to strike out his name, citing prima facie material suggesting his involvement in the project. Aggrieved, the appellant approached the Appellate Tribunal.

Issues for Consideration

The Tribunal was primarily concerned with the following issues:

- Whether the appellant could be treated as a "necessary party" to the complaint proceedings;
- Whether mere allegations of involvement or informal association with the project are sufficient to justify impleadment;
- The scope of persons against whom proceedings can be maintained under Section 31 of RERA.

Submissions of the Parties

The appellant, Soumya Ranjan Jena, contended that his impleadment was wholly unwarranted as he had no contractual, legal, or managerial connection with the transaction between the complainant and the promoter-company, and was neither a party to the agreement nor a director or authorised representative, which was evident from official records. He further argued that no documentary evidence had been produced to establish his alleged role in the project. In contrast, the complainant asserted that the appellant had an active and substantive involvement in the project, including participation in construction, sale of flats, and direct interactions with the complainant during site visits, along with a claimed interest in the project land, thereby justifying his

impleadment as a necessary party for effective adjudication.

Judicial Reasoning

The Tribunal approached the matter by first examining the statutory framework under Section 31 of the Real Estate (Regulation and Development) Act, 2016, and emphasised that complaints can be maintained only against specifically recognised categories namely, promoters, allottees, or real estate agents. It held that for any person to be impleaded, there must be material demonstrating that such person falls within one of these categories. In the present case, the Tribunal found no evidence to establish that the appellant was a promoter, agent, or representative of the promoter-company, nor was he a party to the transaction in question.

Applying the settled principle of a “necessary party,” the Tribunal reiterated that a person can be impleaded only if their presence is indispensable for passing an effective order. It observed that the dispute arose from a flat purchase agreement executed solely between the complainant and the promoter-company, and therefore, complete and effective relief could be granted without the appellant’s presence. Mere allegations of involvement, site interaction, or incidental association were held to be insufficient to confer the status of a necessary party.

The Tribunal also critically assessed the basis on which the Regulatory Authority had retained the appellant, including reliance on allegations in the complaint and certain documents indicating a possible interest in the project land. It held that such material, in the absence of a clear legal nexus with the transaction or statutory role under RERA, could not justify impleadment. Even assuming the alleged conduct to be true, it did not raise the appellant to a position of legal accountability under the Act.

Accordingly, the Tribunal concluded that the appellant’s impleadment was unsustainable in law, as there was no substantive material linking him to the transaction or establishing that his presence was necessary for adjudication, thereby warranting interference with the impugned order.

Key Findings

The Tribunal held that impleadment under RERA must be strictly confined to persons falling within the statutory framework of Section 31, namely promoters, allottees, or real estate agents. It clarified that mere allegations of involvement, informal association with the project, or incidental interactions with the complainant do not establish legal liability. The absence of any contractual nexus or documentary evidence linking the appellant to the transaction was found to be determinative. Further, the Tribunal reaffirmed that a party can be considered “necessary” only where its presence is indispensable for granting effective relief a threshold not met in the present case.

Decision

In light of the above findings, the Tribunal set aside the impugned order of the Regulatory Authority and allowed the appeal. It directed that the name of the appellant, Soumya Ranjan Jena, be struck off from the array of parties in the complaint proceedings, holding that his presence was neither legally justified nor necessary for adjudication. The Tribunal further observed that the complaint could proceed effectively against the promoter-company alone and directed expeditious disposal of the main complaint.

Conclusion

The ruling reinforces a disciplined and statutory approach to impleadment under RERA by drawing a clear distinction between factual association and legal accountability. It is a safeguard against the tendency to array individuals as parties based on broad or unsubstantiated allegations, particularly in real estate disputes where multiple actors may be peripherally involved. By anchoring liability to defined statutory roles and requiring a demonstrable nexus with the transaction, the Tribunal has strengthened procedural fairness and limited unnecessary litigation exposure.

Importantly, the decision aligns RERA proceedings with settled principles of civil jurisprudence on necessary parties, ensuring that adjudication remains focused on those who are legally responsible for compliance and relief. For stakeholders such as site managers, consultants, or individuals with indirect links to a project, the judgment offers clarity that mere involvement in execution or interaction with buyers does not, in itself, translate into legal liability under RERA unless supported by a recognised statutory or contractual role. The decision simplifies adjudication and protects individuals from unwarranted litigation exposure.

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1. *Appeal No. 116 of 2023 (Arising out of C.C. No. 22 of 2023)* ??

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