

O.I.H

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
RAJYA SABHA
STARRED QUESTION NO. 86**

ANSWERED ON 28/07/2025

INADEQUATE AND FEEBLE LAWS AGAINST DEFAULTING DEVELOPERS

***86. DR. LAXMIKANT BAJPAYEE:**

Will the Minister of *Housing and Urban Affairs* be pleased to state:

- (a) whether it is a fact that in the absence of appropriate and stringent real estate laws against developers, bankruptcy cases of real estate projects have risen rapidly during the last few years and every second housing project is unfinished and the developers have declared themselves bankrupt after usurping the hard earned money of buyers;
- (b) whether Government proposes to introduce a central legislation by exercising its powers under the Concurrent List for pre-RERA projects to enable central agencies to examine the individual properties of defaulting developers; and
- (c) if not, the reasons therefor?

ANSWER

**THE MINISTER OF HOUSING AND URBAN AFFAIRS
(SHRI MANOHAR LAL)**

- (a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 86 FOR 28.07.2025 REGARDING “INADEQUATE AND FEEBLE LAWS AGAINST DEFAULTING DEVELOPERS”

(a) to (c) ‘Land’ and ‘Colonization’ are State subjects. Hence, data related to construction progress of housing projects is to be maintained by respective States / Union Territories. However, by deriving the powers from concurrent list of seventh schedule of the Constitution of India, the Real Estate (Regulation and Development) Act, 2016 [RERA] was enacted by the Parliament to regulate the contractual relationship between homebuyers and promoters.

Prior to enactment of RERA, there was no central regulatory framework for Real Estate Sector. RERA aims to ensure transparency & accountability in the Real Estate Sector, thereby protecting the interests of the homebuyers. Under the provisions of RERA, all ongoing / incomplete projects which have not received completion certificate and new real estate projects are required to be registered with the concerned Regulatory Authority. Further, the promoter is mandated to update Quarterly Progress Reports of its project on the website of the Real Estate Regulatory Authority.

RERA contains provisions like Section 4(2)(l)(D) mandating the developer to deposit 70% of the amount collected from the homebuyers in a separate bank account to avoid diversion of fund and stalling of projects. RERA also provides various provisions to take stringent action against any defaulting developer. On lapse or revocation of the registration under RERA, the Regulatory Authority, in consultation with the appropriate Government, is empowered to take action for carrying out the remaining development works of the project by competent authority or by association of allottees.

The Insolvency and Bankruptcy Code (IBC) was enacted by the Parliament in 2016 to balance the interests of all stakeholders by ensuring a time-bound and efficient resolution of insolvency cases. Further, in order to empower the homebuyers to participate in insolvency proceedings IBC has been amended to include Homebuyers as ‘Financial Creditors’, thereby making them part of Committee of Creditors (CoC).

So far, around 1.5 lakhs real estate projects have been registered under RERA across country. However, as per the the information provided by Ministry of Corporate Affairs, Corporate Insolvency Resolution Processes (CIRPs) have been initiated in only 517 real estate companies, from December 2016 till December 2024.

Further, to examine the issue of pre-RERA stalled projects, a committee was constituted by Ministry of Housing and Urban Affairs under the Chairmanship of Shri Amitabh Kant in March 2023. As per the report of the committee submitted in August 2023, lack of financial viability is the primary reason for non-revival of the legacy stalled projects. Accordingly, the Committee recommended a slew of measures aimed towards improving the financial viability of these real estate projects.

As per the information available, the State Government of Uttar Pradesh has formulated a Policy / Package to provide relief to the homebuyers of stalled real estate projects in Noida and Greater Noida, along the lines of recommendations of the Committee.

Further, to give relief to homebuyers of stalled projects, Government has established a Special Window for Completion of Affordable and Mid-Income Housing (SWAMIH) investment fund and SWAMIH 2.0 of Rs. 25,000 crores and Rs. 15,000 crores respectively, for funding stalled projects that are net-worth positive and registered under RERA, including those projects that have been declared as Non-Performing Assets (NPAs) or are pending proceedings before the National Company Law Tribunal under the IBC.

The provisions of RERA and IBC provide adequate safeguards for homebuyers and at present, there is no proposal to introduce any central legislation in this regard.
