

O.I.H.

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 878
ANSWERED ON 08/12/2025**

FRAUD COMMITTED BY BUILDERS

878. SHRI NEERAJ DANGI:

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

- (a) whether Government has any data regarding homebuyers whose dream of owning a house has not been fulfilled due to fraud committed by builders, if so, the details thereof, State-wise;
- (b) whether complaints have been filed against fraudulent builders and the details of the complaints and the action taken against the builders along with their names;
- (c) whether the laws enacted by Government to curb fraud being committed by builders are not effective, if so, the other concrete steps being considered by Government; and
- (d) the efforts made by Government to provide relief to buyers who have been victims of fraud?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF HOUSING AND URBAN AFFAIRS
(SHRI TOKHAN SAHU)**

- (a) to (d): ‘Land’ and ‘Colonization’ are State subjects. Issue of fraud by anyone including builders is dealt by law enforcement agencies as per various provisions of laws in force. The data sought is not maintained centrally by the Ministry of Housing and Urban Affairs.

However, by deriving powers from Entries 6, 7 & 46 of List-III (Concurrent List) of the 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. RERA aims to ensure transparency and accountability in the Real Estate Sector, thereby protecting the interests of the homebuyers.

Under the provisions of RERA, State Governments, being the appropriate Government, establish Real Estate Regulatory Authorities to regulate and develop the Real Estate Sector. RERA also mandates the promoter to deposit 70% of the amount collected from the buyers in a separate bank account to prevent misuse of funds and protect buyers from fraud. Further, as per Section 31 of RERA, the buyer can file a complaint with the Real Estate Regulatory Authority or the Adjudicating Officer, in case of any violation of the Act or its rules against any builder. Moreover, Section 18 of RERA provides that in case the promoter fails to complete or is unable to give possession as per the terms of the agreement for sale, he shall be liable to refund the amount along with interest and compensation to allottees.

Further, Section 59 of RERA provides for punishment up to 3 years imprisonment or with fine, which may extend up to 10% of the estimated cost of the real estate project, or both, if a promoter fails to comply with the orders, decisions or directions issued by Real Estate Regulatory Authority regarding non-registration of project.

Furthermore, in order 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, 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.
