

**GOVERNMENT OF INDIA  
MINISTRY OF HOUSING AND URBAN AFFAIRS  
LOK SABHA  
UNSTARRED QUESTION NO. 878  
TO BE ANSWERED ON DECEMBER 04, 2025  
MISAPPROPRIATION AND FRAUD BY BUILDERS**

**NO. 878. SHRI ASHOK KUMAR RAWAT:**

**Will the Minister of HOUSING AND URBAN AFFAIRS be pleased to state:**

- (a) whether the Government is aware that several home buyers have been looted by the Builders and Real Estate companies by selling the same flat to multiple persons and the property assured to them has not been handed over to them and if so, the details thereof, company/builder-wise and State/UT-wise including Uttar Pradesh and Delhi;**
- (b) whether any Standard Operating Procedure (SOP) has been released in this regard by the Insolvency and Bankruptcy Board of India (IBBI) to refund the amount of the said home buyers through the liquidation of the properties of the Builders;**
- (c) if so, the major provisions of the said SOP and the manner in which the said SOP would help to ensure the refund of the affected home buyers in a timely manner; and**
- (d) the steps taken/being taken by the Government to curb such fraudulent incidents in future and to protect the interest of the said home buyers?**

**ANSWER**

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

- (a) to (d): As per Entry 18 of List- II (State List) of 7<sup>th</sup> Schedule of Constitution of India, 'Land' and 'Colonization' are State subjects. 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.**

**Under the provisions of the RERA, the 'Appropriate Government' i.e. the States / Union Territories (UTs) are required to establish Real Estate Regulatory Authority in the respective State / UT, to regulate and promote the real estate sector in an efficient and transparent manner.**

**RERA mandates for registration of the real estate projects and real estate agents with the Real Estate Regulatory Authority of the concerned State / UT before advertising, marketing, booking and selling in any manner. Further, Real Estate Regulatory Authority is required to maintain a website, containing relevant details of all registered real estate projects and publish these details for public viewing.**

**Further, Section 18 of RERA provides that, in case the promoter fails to complete or is unable to give possession of the apartment, plot or building, as per the terms of the agreement for sale, he shall be liable to refund the amount along with interest and compensation to allottees. Moreover, as per section 40 of RERA, if a promoter or an allottee or a real estate agent, as the case may be, fails to pay any interest or penalty or compensation imposed on him, by the adjudicating officer or the Regulatory Authority or the Appellate Tribunal, as the case may be, it shall be recoverable from such promoter or allottee or real estate agent, as arrears of land revenue.**

**RERA further provides for punishment up to 3 years of imprisonment and/or with fine, which may extend up to ten percent of the estimated cost of the real estate project, in case the promoter fails to comply with the orders, decisions or directions issued by the Real Estate Regulatory Authority or Real Estate Appellate Tribunal.**

**Further, the Insolvency and Bankruptcy Code, 2016 was enacted to provide a time-bound, transparent and efficient framework for resolving insolvency of companies, individuals and partnerships. Its primary purpose is to maximize the value of assets, balance the interests of all stakeholders and promote entrepreneurship and credit availability. The Code seeks to ensure orderly resolution or liquidation so that distressed assets are revived quickly and economic activity is preserved. IBC framework does not deal with fraudulent sale of same flat to multiple persons.**

**However, the Insolvency and Bankruptcy Board of India (IBBI) has constituted a Council to examine the issues of insolvency of Real Estate Sector and frame specific guidelines for insolvency proceedings in real estate sector, including timelines for project-wise Corporate Insolvency Resolution Process and safeguard the interests of homebuyers. The Council comprises representatives of the Ministry of Housing and Urban Affairs, certain Real Estate Regulatory Authorities, among others.**