

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 1848
ANSWERED ON FRIDAY, THE 21st DECEMBER, 2018
AGRAHAYANA 30, 1940 (SAKA)**

Protection of Homebuyers

1848. SHRI G.M. SIDDESHWARA

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) whether the Government plans to protect the interest of homebuyers whose investment face uncertainty when bankruptcy proceedings are filed against Real Estate Developers and if so, the details thereof;**
- (b) whether the Government proposes to amend the bankruptcy law and also change the operational rules of the law to protect the interest of homebuyers; and**
- (c) If so, the time by which it will be done?**

ANSWER

**THE MINISTER OF STATE FOR LAW
AND JUSTICE AND CORPORATE AFFAIRS**

(SHRI P.P. CHAUDHARY)

विधि एवं न्याय और कॉर्पोरेट मामलों के लिए राज्य मंत्री

(श्री पी पी चौधरी)

(a)to(c): The concern of homebuyers regarding Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (Code) was deliberated in Insolvency Law Committee (ILC) and after consideration of ILC report dated 26.03.2018, the Code was amended by Insolvency and Bankruptcy Code (Second Amendment) Act. By way of amendment, an explanation was added to the definition of financial debt in the Code to provide that any amount raised from an allottee under a real estate project shall be deemed to be an amount having the commercial effect of a borrowing. As per this provision, homebuyers can now initiate and participate in CIRP against a corporate debtor in the capacity of a financial creditor.
