Real-estate insolvency: project-wise accountability and homebuyer safeguards

Published: 23 November 2026

News reference: 23 November 2026 explanatory review; original policy dates are stated below.

Mains: GS-3, economy, financial institutions and regulation.

Prelims: IBBI, CIRP, CoC, RERA and the project-exclusion process.



Original symbolic image: pcsmantra.com

Why in the news

The Economic Times discussed project-wise treatment in the Corporate Insolvency Resolution Process (CIRP) of real-estate companies on 23 November 2026. The primary basis is the Insolvency and Bankruptcy Board of India's (IBBI) release of 31 October. The fifth amendment regulations were notified on 30 October 2026. This is not a rule newly notified on 23 November.

A company is not the same as a project

One corporate debtor may hold several housing projects with different finances, construction stages and buyer needs. Project-level information helps distinguish those conditions within the debtor's insolvency process. Projects held through separate companies or special purpose vehicles (SPVs) must not simply be combined as projects of the same debtor.

What the 66% vote actually means

Where the corporate debtor has multiple real-estate projects, the resolution professional (RP) must place project-wise information before the first meeting of the Committee of Creditors (CoC). This includes RERA registration, construction stage, possession and occupancy status, and completed and incomplete units.

With at least 66% voting share, the CoC may recommend excluding a project from CIRP, recording its reasons. The RP must then apply to the Adjudicating Authority with those reasons. The creditors' vote does not automatically exclude the project. This distinction matters for prelims.

Financial discipline and independent assessment

- **Separate accounts:** each real-estate project must have a separate bank account, with project-wise receipts and payments placed before the CoC. RERA fund-utilisation requirements must also be followed during CIRP.
- **Cost to complete:** before inviting expressions of interest, the RP must obtain the CoC's prior approval to appoint qualified, independent professionals for project-wise technical and cost-to-complete assessment.
- **Assessment scope:** construction status, approvals, sold and unsold inventory, remaining costs, funding needs, timelines and execution risks are covered.
- **Access to information:** the assessment forms part of the Information Memorandum available to prospective resolution applicants. Its cost is part of insolvency resolution process costs.

Homebuyer participation

The Information Memorandum must include allottees whose claims appear in the debtor's books or RERA records but who have not submitted claims to the RP. The resolution plan must specify project-wise treatment of claims through appropriate means such as possession, registration, conveyance, title transfer or refund. Inclusion in records does not itself guarantee full recovery of every claim.

Plans must state project-wise, phase-wise or tower-wise completion and possession timelines and progress reporting. The implementation monitoring committee must include the authorised representative of the creditor class or an allottee representative chosen by majority vote. Representatives of the concerned RERA and competent authority join, wherever applicable, subject to their agreement.

Mains analysis

These safeguards address information gaps, project-fund monitoring and vague completion commitments. Better assessment may produce more realistic bids. However, changing regulations does not guarantee timely delivery. Funding, approvals, construction capacity, disputes and monitoring quality still matter. This is policy analysis, not an independent evaluation of the amendment's effects.

Prelims practice question

Question 1. Consider the following statements on real-estate projects under CIRP:

Statement 1: Following a CoC recommendation supported by at least 66% voting share, the RP must apply to the Adjudicating Authority for exclusion of a project.

Statement 2: Such a CoC vote automatically excludes the project without any further process.

Which of the statements given above is/are correct?

(a) 1 only

(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

▼ **Answer and explanation**

Answer: (a)

The CoC records reasons and recommends exclusion. The RP must then apply to the Adjudicating Authority. Exclusion is not automatic.

Mains practice question

Why do project-wise information, independent assessment and homebuyer representation matter in real-estate insolvency? Examine implementation challenges. (250 words, 15 marks)

Answer outline

Introduction: Distinguish the company from its projects.

Main body: Discuss fund monitoring, reliable completion costs and participation.

Conclusion: Connect accountability with constraints involving finance, approvals and construction.

Frequently asked questions

When were the regulations notified?

On 30 October 2026; the IBBI explanatory release is dated 31 October.

Does the 66% vote finally exclude a project?

No. It is a reasoned recommendation followed by an application to the Adjudicating Authority.

Is this the personal-guarantor process?

No. It concerns CIRP of corporate debtors holding real-estate projects.

Sources

- IBBI: Official amendment explanation, 31 October 2026
- Economic Times: Project-wise CIRP review, 23 November 2026