Insolvency and Bankruptcy Board of India

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PRESS RELEASE

Insolvency and Bankruptcy Board of India strengthens the framework for resolution of corporate debtors having real estate projects

The Insolvency and Bankruptcy Board of India (IBBI) has notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fifth Amendment) Regulations, 2026 on 30th October 2026. The amendments aim to facilitate more informed and viable resolution of real estate projects, enhance transparency and accountability, and strengthen the interests of homebuyers and other stakeholders in the insolvency resolution process.

2. Key highlights of the Amendment Regulations are as follows:

(i) Strengthening project-wise financial management and monitoring: It has been mandated that a separate bank account shall be operated for each real estate project of the corporate debtor (CD). The resolution professional (RP) shall also place project-wise statements of receipts and payments and other financial information before the Committee of Creditors (CoC), at such intervals as considered appropriate by the CoC. Further, compliance with fund utilisation requirements under the Real Estate (Regulation and Development) Act, 2016 (RERA) shall be ensured during the corporate insolvency resolution process (CIRP). This ensures that funds contributed for a project are utilised for that project, bringing greater financial discipline and building the confidence of homebuyers and creditors in the use of project funds.

(ii) Facilitating identification and exclusion of real estate projects: Where a CD has multiple real estate projects, the RP shall place project-wise information, including RERA registration details, stage of completion, status of possession and occupancy, and details of completed and incomplete units, before the CoC in its first meeting. Based on this information, the CoC may, with at least 66% voting share, recommend to the Adjudicating Authority (AA) the exclusion of any real estate project from CIRP, along with recorded reasons. Pursuant to such recommendation, the RP shall file an application before the AA along with the reasons recorded by the CoC. This enables project-wise treatment of real estate insolvencies, minimising disruption to completed and occupied projects and focusing resolution efforts on projects that genuinely require intervention.

(iii) Introducing technical and cost-to-complete assessment of projects: The RP, with prior approval of the CoC, shall appoint one or more suitably qualified and independent professionals to undertake a project-wise technical and cost-to-complete assessment before inviting expressions of interest. The assessment shall cover the physical status of construction, regulatory approvals, sold and unsold inventory, estimated completion costs, funding requirements, timelines and risks affecting completion. The assessment shall form part of the Information Memorandum (IM) and be made available to prospective resolution applicants (PRAs). The costs incurred for conducting the assessment shall form part of the insolvency resolution process costs. This provides all stakeholders with a common and credible baseline

on the cost and time required for completion, reducing information asymmetry and enabling better quality and more realistic bids.

(iv) Enhancing disclosures relating to real estate projects: The IM shall contain comprehensive project-wise information, including details of sanctioned, completed and under-construction units; sold and unsold inventory; construction progress, including the stage of completion of common areas, common facilities and amenities; statutory approvals and permissions; permissible development area; encumbrances and lender-wise details of charges; pending litigations and statutory dues; regulatory status, including pending regulatory proceedings, penalties and complaints; and the balance in the designated RERA bank account. It shall also include details of allottees whose claims are reflected in the books of accounts of the CD or RERA records but who have not submitted claims to the RP. Further, project-wise details of allottees seeking possession, refund, conveyance or other relief, along with the number of allottees who have not indicated any preference, shall also be disclosed. Uniform and comprehensive disclosures will help PRAs assess risks and costs more accurately, encouraging wider participation and plans that are more responsive to the preferences of homebuyers.

(v) Strengthening participation of Homebuyers in insolvency process: The amendments provide for greater participation of authorised representatives (ARs) of creditors in a class such as homebuyers. The choice of ARs offered to class of creditors shall be accompanied by their brief profiles and information regarding their roles and duties. Further, ARs shall submit minutes of their meetings with creditors to the RP, who shall place them before the CoC in its next meeting. The minutes of CoC meetings shall also record the views, concerns and opinions expressed by ARs on behalf of creditors in a class. These measures enhance transparency in the functioning of ARs, enabling creditors in a class to make informed choices and ensuring that their concerns are placed on record before the CoC.

(vi) Strengthening oversight during implementation of resolution plans: Where the CD has real estate projects, the monitoring committee constituted for implementation of the resolution plan shall include the AR of creditors in a class or another representative of allottees chosen by majority vote. It shall also include representatives of the concerned RERA and the competent authority, wherever applicable, subject to their agreement. Participation of homebuyers and regulatory authorities will help identify and address issues relating to approvals, compliance and construction milestones in time, reducing implementation delays and disputes.

(vii) Prescribing project-wise requirements in resolution plans: Every resolution plan in respect of a CD having real estate projects shall provide project-wise details of sanctioned, constructed and under-construction units, with segregation of sold and unsold units. It shall also specify the treatment of allottees' claims, including through possession, execution of conveyance deeds, registration or transfer of title, refund or other appropriate means. The plan shall provide for treatment of allottees who have not submitted claims but whose details are included in the IM. Further, project-wise, phase-wise or tower-wise timelines for completion and delivery of possession, as applicable, and periodic progress reporting to the monitoring committee shall be specified. Clear project-level commitments and timelines will bring greater certainty to homebuyers and reduce disputes regarding implementation of approved resolution plans.

(viii) Facilitating handover of possession to homebuyers: The amendments provide flexibility to the CoC in approving requests from homebuyers for handover of possession of their plots, apartments or buildings and facilitation of registration under Regulation 4E. The CoC may either approve each request individually or grant an in-principle approval authorising the RP to process all such requests, as and when received, during CIRP. This avoids the need to seek CoC approval afresh for each request, enabling faster delivery of homes to eligible homebuyers.

(ix) Other procedural improvements: The amendments also clarify that the RP shall continue to discharge responsibilities under CIRP until the AA decides an application for withdrawal under section 12A of the Code. Further, the confidentiality obligation relating to valuation has been extended to cover valuation reports, in addition to fair value and liquidation value. These changes ensure continuity in the management of the CD while a withdrawal application is pending, and safeguard sensitive valuation information to preserve the integrity of the resolution process.

3. The amended regulations are available on the website of the Board at www.ibbi.gov.in.

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