



The homebuyer is the worst sufferer. He has a triple whammy, said Arun Jaitley on IBC Ordinance.

As President Ram Nath Kovind gave his nod to the Ordinance making amendments to the Insolvency and Bankruptcy Code (IBC) on Wednesday, the homebuyers got the long-standing demand of being treated at par with financial creditors fulfilled. On Friday, Finance Minister [Arun Jaitley](#) explained how this Ordinance helped the homebuyers. In a Facebook post, Arun Jaitley wrote that a homebuyer is the worst sufferer, who now has voting rights and can influence the insolvency proceedings against real estate companies.

“The homebuyer is the worst sufferer. He has a triple whammy. He has invested his savings with the developer. He may be paying EMIs on the loans taken and may continue to pay either rent of his currently occupied property or live in some alternate accommodation under compulsion,” Arun Jaitley said.

“The new ordinance equates an “allottee” of a “real estate project” to be a person having a commercial effect of borrowing. He is now treated as financial creditor. He can initiate a corporate insolvency for a resolution against the errant developer. He acquires the right to be on the committee of creditors. He gets voting right. He can influence the resolution process,” the finance minister said the post. Arun Jaitley underwent a successful kidney transplant last month. Piyush Goyal has been given the additional charge for handling the finance ministry

until Arun Jaitley recovers.

The IBC Ordinance enables homebuyers to invoke Section 7 of the law against errant developers. On May 23, the Union Cabinet took the Ordinance route to accord homebuyers benefits similar to banks and institutional creditors if the realty firm undergoes insolvency proceedings. It may be noted here that some realty firms are facing insolvency proceedings, which had left homebuyers, who have put in their money, in the flux as were not considered at par with financial creditors earlier.

Analysts earlier had noted that not treating homebuyers as financial creditors has pitted the IBC and Real Estate (Regulation and Development) Act (RERA) against each other in case a real-estate firm goes bust. Arun Jaitley expressed hope that RERA and the new ordinance would catalyse the process further.

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