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Union minister [Arun Jaitley](#) on Friday said the latest ordinance on the Insolvency and Bankruptcy Code (IBC) that has given homebuyers rights on par with financial creditors will further improve formalisation of the real estate sector and curb the entry of fly-by-night operators. The ordinance has given homebuyers the power to initiate insolvency proceedings against errant developers.

In an article, Jaitley said given the logistical problems, “liquidations are rarely likely to take place in asset-owning companies” and that resolution is the natural course. The ordinance was approved by the President on Wednesday.

In a resolution, probably some other developer would acquire interest or some alternative method would be found for completing the project. “The inevitable consequence of this would be that the market itself will discover solutions,” Jaitley said. Just as the film industry in recent years, the real estate industry would eventually have to formalise itself where sound and structured developers would remain and ‘fly by night’ operators would be eliminated, he added.

Similarly, projects would be completed in reasonable time and investors would get their

share of allotments expeditiously. “Construction is already seeing a double-digit growth. The RERA and the new ordinance would only catalyse this process further,” Jaitley said.

Stressing that the government has come to the rescue of the homebuyer by giving him rights he deserves, Jaitley said in case a developer gets caught up in debt trap, the homebuyer becomes the worst sufferer. “He (homebuyer) has a triple whammy. He has invested his savings with the developer. He may be paying EMIs on loans taken and may continue to pay either rent of his currently-occupied property or live in some alternate accommodation under compulsion.”

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