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Supreme Court Approves 22 CBI Cases Against Builders and Banks Over Housing Fraud

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In a major victory for thousands of aggrieved homebuyers, the Supreme Court of India has granted approval to the Central Bureau of Investigation (CBI) to register 22 criminal cases against builders and banks accused of colluding to defraud consumers under misleading subvention schemes.

The cases arose from six preliminary CBI inquiries into allegations that several real estate developers, backed by financial institutions, collected money from homebuyers through pre-possession payment schemes. However, the developers defaulted on repayments, leaving buyers stuck with EMIs but no homes.

A bench comprising Justices Surya Kant and K. V. Viswanathan gave the green light for the CBI to move forward based on evidence gathered during a months-long probe, which included statements from over 1,000 individuals and inspections at 58 project sites across the National Capital Region (NCR). The affected cities include Noida, Greater Noida, Gurugram, Ghaziabad, and Yamuna Expressway.

The top court emphasized that the CBI must act “in accordance with law,” and directed the agency to also complete a separate probe involving similar complaints from other cities such as Mumbai, Bengaluru, and Kolkata within the next six weeks.

The matter revolves around subvention schemes, where banks disburse home loans directly to developers, who are then responsible for paying the interest until project completion. However, in many cases, developers defaulted and banks held buyers accountable for unpaid dues, even when no property was delivered.

In a clear message to erring officials and institutions, the court said this probe should act as a deterrent to those exploiting regulatory gaps in the real estate financing ecosystem.

The Supreme Court’s decision is expected to set a precedent for tighter scrutiny of builder-banker arrangements and offer hope to many homebuyers still awaiting justice.