

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 2885
ANSWERED ON FRIDAY, THE 3RD AUGUST, 2018
[SHRAVANA 12, 1940 (SAKA)]**

ACTION ON FUND DIVERTING REAL ESTATE COMPANIES

QUESTION

2885. SHRI PRATAPRAO JADHAV:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) whether in contravention of real estate guideline the real estate companies have diverted the money taken from buyers for the purposes other than the house construction leaving them in dire straits;**
- (b) if so, the action being taken against such real estate companies along with the measures being taken to safeguard the interests of home buyers;**
- (c) whether the Government proposes to appoint a separate audit agency for conducting regular audits of builder companies and preparing annual reports in this regard; and**
- (d) if so, the details thereof and if not, the reasons therefor?**

ANSWER

**MINISTER OF STATE FOR LAW AND
JUSTICE AND CORPORATE AFFAIRS**

(SHRI P. P. CHAUDHARY)

(a) & (b) : Madam, the Companies Act, 2013 (the Act) provides for details of compliances with respect to books of account and other matters to be made by companies of all categories and there are no separate provisions in the Act for real estate companies. However, during the year 2017-18 and till 30.06.2018, the Ministry of Corporate Affairs has ordered inquiry in 87 companies, inspection of books and papers in 17 companies and investigation in 7 cases involving 149 entities including 5 Limited Liability Partnerships (LLPs) engaged in real estate activities.

(c) & (d) : The Companies Act, 2013 stipulates requirement of statutory audit and internal audit by the companies.
