

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1885
ANSWERED ON:05.08.2010
MALPRACTICES IN REALTY SECTOR
Paranjpe Shri Anand Prakash

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government is aware of various kinds of fraud and malpractices are being adopted in the realty sector;
- (b) if so, the details thereof and the names of developers/companies against which such cases have been detected;
- (c) whether the Competition Commission of India has any proposal to appoint a regulator for the realty sector to address these complaints; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) Ministry of Corporate Affairs is concerned with taking action against the developers in the realty sector which are registered as companies under Companies Act, 1956 for offences/violations of the provisions of the Companies Act, 1956 as and when noticed. In case, the practices followed by the real estate developers are anti-competitive or in the nature of abuse of dominance, Competition Commission of India initiates action under the provisions of the Competition Act, 2002. However, malpractices and fraud which attract other Acts like Prevention of Money Laundering Act, 2002; Foreign Exchange Management Act, 1999; Securities Contracts (Regulation) Act, 1956; Securities and Exchange Board of India Act, 1992; Banking Regulation Act, 1949; Income Tax Act, 1961, and/or Indian Penal Code or other laws are handled by concerned agencies/Departments in respective Ministries.

(b) Based on the investigations carried out by the Serious Fraud Investigation Office (an organization with this Ministry) in respect of M/s Manmandir Estate Development Pvt. Ltd, prosecutions have been filed for violations of Sections 299, 13/291, 295, 406, 542 and 543 of the Companies Act, 1956 and Sections 418 and 420 of Indian Penal Code 1860. In addition, Competition Commission of India has received information alleging abuse of dominance by following four developers:-

- (i) DLF New Gurgaon Homes Developers
- (ii) DLF Home Developers Ltd & Others
- (iii) DLF Limited and others
- (iv) DLF New Gurgaon

(c) No Sir, Competition Commission of India is not empowered to appoint regulator.

(d) Does not arise.