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Delhi High Court Intervenes in the DDA's Suspension of Leasehold to Freehold Conversion

Delhi Development Authority v. Mala Sahni Seth & Anr.
CONT.APP.(C) 15/2026 | W.P.(C) 9034/2025 | W.P.(C) 17229/2025 | Neutral Citation: 2026:DHC:6135-DB
High Court of Delhi at New Delhi
Coram: Hon'ble Ms. Justice Prathiba M. Singh and Hon'ble Mr. Justice Vikas Mahajan | Date of Order: 30 July 2026

In Brief

- The Delhi High Court has directed the Secretary, Department of Capital Development, Ministry of Housing and Urban Affairs, to convene an urgent meeting with officials of the DDA and, as required, the Ministry of Finance, in order to communicate the Ministry's decision on conversion charges so that the DDA can reopen the Interactive Disposal of Land Information System ('IDLI') portal.
- The order places on record the inter-departmental correspondence behind the suspension of leasehold to freehold conversion in force since 2 January 2026, together with the DDA's figures: 1,373 applications pending, 308 of them already approved without conveyance deeds being executed, and conversion charges of Rs. 155.06 crore collected.
- The Ministry has informed the DDA that a revised policy for conversion is under formulation. The DDA has proposed, and the Ministry has not yet ruled, that applications received up to 1 January 2026 be processed on the rates applicable on the date of receipt.

Background

Since 2 January 2026 the Delhi Development Authority has declined to receive fresh applications for conversion of leasehold property to freehold, and the IDLI portal, through which applications were filed and conversion fees paid online, has been taken down. Applications already filed, including those in which the conversion fee has been paid, are not being processed. Three matters were heard together: a contempt appeal in which the DDA is the appellant, and two writ petitions in which the grievance is the refusal to process conversion.

Two matters of record deserve emphasis. The affidavit of the Vice-Chairman, DDA states in terms that the portal was not rendered non-functional by any technical malfunction or administrative inaction, but pursuant to a policy decision taken in view of the Ministry's communication of 2 January 2026. Any explanation resting on technical failure or on administrative oversight is therefore foreclosed on the DDA's own affidavit. Further, the pendency is not confined to the period of the suspension: the 1,373 applications before the Court were filed between 2020 and 2026, and the order describes the pendency as running to six years, so the oldest of them long predate January 2026.

The Origin of the Suspension

By communication dated 2 January 2026, the Ministry of Housing and Urban Affairs, Delhi Division, conveyed the approval of the competent authority to the adoption of the circle rates notified by the GNCTD vide notification dated 22 September 2014 under the Indian Stamp Act, 1899 and the Delhi Stamp (Prevention of Under-valuation of Instruments) Rules, 2008. The circle rates were to be adopted for purposes such as determination of premium, auction reserve price, the rate for conversion charges, land use charges, calculation of ground rent, licence fee and other land-related charges, wherever applicable, with effect from 2 January 2026.

The DDA's response of 9 January 2026 identifies the difficulty precisely. Under the conversion policy conveyed by the Ministry's order dated 14 February 1992 and its subsequent amendments, conversion charges for residential land are computed on a formula turning on two variables, the plot area and the land rate for residential purposes notified by the Ministry, with differential charges by plot size. For commercial and industrial land, the Ministry's order dated 24 June 2003 prescribes area multiplied by the notified land rate on the date of application, multiplied by 10/100. The Ministry's direction changed the source of the rate but did not state whether the conversion charge was to equal the circle rate or a factor or percentage of it. The DDA recorded that the aspect might require further instructions from the Ministry and, in order to avoid legal complications, put receipt of fresh applications on hold on account of administrative exigencies.

The change was narrow in other respects, on the DDA's own reading. Circle rates were already the basis for auction reserve price for institutional, commercial, residential and industrial land, so nothing altered there. Premium on government institutional allotments was to continue on existing norms, reserve price for institutional land for socio-cultural and religious purposes was to continue on ZVR, and fixation of premium on Pre-determined Rates was to continue wherever applicable, a position repeated in the DDA's office order of 19 January 2026. Conversion charges were the head on which the ambiguity operated.

Thereafter the correspondence is thin, at least on the material placed before the Court. The next letters from the DDA are dated 14 July 2026 and 20 July 2026, and the Court has recorded that this renewed correspondence followed the orders being passed by the Court. In fairness to the DDA, its stand before the Court was that it had been actively engaged with the Ministry throughout, and the Vice-Chairman told the Court that active consultation was continuing. The Ministry's reply of 29 July 2026 states that a revised policy or scheme is under formulation for conversion of leasehold property into freehold for the area of the DDA, and requests the DDA to take necessary action in the matter.

The Court's Characterisation of Conversion

In its order of 3 July 2026, extracted in the present order, the Court described conversion from leasehold to freehold in Delhi as an important right available to citizens, enabling them to deal with, transfer and otherwise transact in their immovable property, and in the present order as an important aspect of ownership. This is an observation in an oral interlocutory order, not a holding that a vested or enforceable right to conversion exists, and it should not be pressed further than that. It does, however, indicate the Court's disinclination to treat the conversion scheme as a concession which the authority may suspend at convenience.

The Crucial Date under the 1992 Policy

Paragraph 1.18 of the 1992 instructions, as set out in the DDA's letter of 9 January 2026, provides that the one-time conversion fee is payable on self-assessment and that the date of deposit of the fee, or of the first instalment, is the crucial date for calculating the conversion fee and the date from which the application is reckoned for consideration. The DDA has taken a corresponding position twice on record. In its letter of 9 January 2026 it stated that applications received up to 1 January 2026 in which the conversion fee had been deposited would continue to be processed at the rates applicable prior to 2 January 2026. In its letter of 14 July 2026 it proposed that applications received up to 1 January 2026 be processed on the rates and policy applicable on the date of receipt, consistent with the long-standing practice under the 1992 policy and the principle of parity among similarly placed applicants, observing that any other course would produce unequal treatment as against earlier applicants already granted freehold rights on the prevailing or provisional rates.

Four qualifications are necessary before the point is relied upon. The letter of 14 July 2026 is a request for the Ministry's permission, not an operative decision of the DDA, and the Ministry's reply of 29 July 2026 neither accepted nor rejected it. The position stated on 9 January 2026 appears in a letter to the Ministry rather than in an operative office order. The office order of 19 January 2026, which superseded the DDA's earlier order no. 395 of 9 January 2026, does not carry that carve-out forward in the portion of it extracted in the judgment, and this may explain why applications with fees already deposited have not moved; the full text of the office order should be obtained before the argument is advanced. Finally, the 1992 policy speaks of the date of deposit of the fee while the letter of 14 July 2026 speaks of the date of receipt of the application, and an application filed without deposit of the fee may fall outside the concession altogether.

Charges Collected and Applications Withheld

The data placed on record shows 1,373 applications filed between 2020 and 2026, of which 308 have received approval for conversion though conveyance deeds are not being executed, against conversion charges of Rs. 155.06 crore collected. The Court observed that where a sum exceeding Rs. 155 crore has been collected, putting on hold even existing conversion applications would be completely unjustified, and that in respect of charges already collected there has to be clarity, since citizens cannot be left in the lurch. Those observations precede, and are not themselves part of, the operative directions. In the 308 cases in which approval has been granted, the step recorded as outstanding is execution of the conveyance deed; whether the rate revision furnishes any justification for withholding execution is not addressed in the order.

The Court had earlier observed that consultation among the DDA, the Ministry of Housing and Urban Affairs and the Ministry of Finance ought to have been undertaken and concluded at the highest level with due expedition, and that the delay from January 2026 to July 2026 was a matter of serious concern because it affects owners intending to sell or to finalise title and impedes family settlements and other bona fide transactions. In the present order the Court adds that there may be citizens requiring funds urgently by selling their properties, and senior citizens wishing to dispose of their properties, and that these aspects cannot be ignored by the authorities.

The Directions Issued

The Court has not fixed the conversion charge. Taking judicial notice that a separate Delhi Division has been carved out within the Ministry to deal exclusively with issues relating to development in Delhi, it directed the Secretary, Department of Capital Development, Ministry of Housing and Urban Affairs, to hold an urgent meeting with officials of the DDA and other relevant officials including the Ministry of Finance, in order to communicate the Ministry's decision on conversion charges so that the DDA can expeditiously open the IDLI portal. The meeting was directed to be held on 10 August 2026, with further meetings on a day-to-day basis if required, and a comprehensive joint report to be placed on record by the Ministry's Delhi Division and the DDA setting out the manner in which conversion applications will now be processed and the charges payable. The Secretary and the Vice-Chairman, DDA are to join the next hearing, physically or virtually. The learned Additional Solicitor General was requested to assist the Court and to communicate the order to the authorities concerned.

What Remains Undecided

No revised rate has been notified. The Ministry has said only that a revised policy or scheme is under formulation. It has not ruled on the DDA's proposal that applications received before 2 January 2026 be dealt with on the rates applicable on the date of receipt, and until it does, that proposal is a stated departmental view and no more. No date has been indicated for restoration of the IDLI portal, and the outcome of the meeting directed for 10 August 2026 does not form part of the record summarised here.

Practical Implications

For lessees with pending or contemplated applications:

- Those who applied and deposited the conversion fee on or before 1 January 2026 should preserve the challan, the payment receipt and the online acknowledgment. On the 1992 policy the date of deposit of the fee is the operative date for computation, while the DDA's letter of 14 July 2026 speaks of the date of receipt of the application; where the two do not coincide, the distinction may matter.
- Where conversion has already been approved and only the conveyance deed remains, execution should be pressed. The office order of 19 January 2026 provides that existing mechanisms for disposal of land and flats, whether by auction or allotment, on a freehold, leasehold or licence basis shall continue, and the Ministry's letter of 29 July 2026 asks the DDA to take necessary action. It should be understood that the Court issued no direction that deeds be executed; this is an argument to be made to the authority, not an entitlement established by the order.
- Fresh applications cannot be filed at present. Preparatory work should nonetheless be completed, including clearance of ground rent, damages and misuse charges, service charges and other proportionate dues, so that an application can be lodged promptly once the portal is restored.
- The basis of computation for conversion charges is directed to change from Ministry-notified land rates to GNCTD circle rates. No revised figure has been notified and no comparison between the two is available on the record, but the DDA's own correspondence proceeds on the footing that applying the revised basis to earlier applicants would be unfair to them, which suggests the revision is not downward.

For parties to transactions in DDA leasehold property:

- Agreements to sell should not be drafted on an assumption that conversion will be completed within a defined period. The Vice-Chairman, DDA was unable to give the Court any timeline. Conditions precedent tied to conversion require realistic outer dates, and the risk of a revised conversion charge should be expressly allocated between seller and purchaser rather than left to implication.
- Parties should resist recourse to agreement to sell, general power of attorney and will arrangements as a means of transacting while conversion is stalled. Such instruments do not convey title: *Suraj Lamp & Industries (P) Ltd. (2) v. State of Haryana, (2012) 1 SCC 656.*

A Note on Procedural Posture

This is an oral, interlocutory order passed in continuing proceedings. It decides no issue finally and lays down no ratio, and the observations recorded in it, including the description of conversion as an important right available to citizens, are observations at an interlocutory stage. A comprehensive joint report is to be placed on record by the Ministry's Delhi Division and the DDA, and the matters are listed on 7 September 2026. The Ministry's communications are reproduced in the order as scanned copies, and reference numbers taken from them should be verified against originals before being relied upon in correspondence. Paragraph 3 of the order records the IDLI portal as non-functional since 2 January 2016; this is evidently a typographical error, the balance of the order and the annexed correspondence being consistently referable to 2 January 2026.

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Disclaimer: *This update has been prepared for general informational purposes only and does not constitute legal advice. The order summarised is interlocutory, the proceedings remain pending, and the position stated here is liable to change. We would be pleased to discuss the implications of this order as they may pertain to any specific matter.*