

## Land Pooling approved. What's in it for buyers?

~ Ramesh Menon

Euphoric exultations through the evening of 07<sup>th</sup> September 2018, over the news that that Delhi Development Authority (DDA) has approved the Land pooling policy under Delhi master plan MPD 2021. Newspapers went overboard 'Breaking News' by almost replicating the official press release, with a few commas' & exclamations.

Optimism besides, does it mean anything substantial for the end consumer buyers of residential dwelling units?

**In the short term, NOTHING.**

Said that, let's examine the systemic disruptions in India, over the past 2 years, which have suddenly exposed the soft underbelly of a **\$180 Billion industry**.

1. Benami Transactions (Prohibition) Amendment Act
2. Demonetization (In Nov 2016)
3. Real Estate (Regulations & development) Act 2016 (RERA)
4. Goods & Service Tax – Inclusion of RE sector
5. REITS & InvITs

While the above few policy disruptions may seem like radical changes, these have the potential for a more **transparent & predictable business ecosystem** in the future. **And that's exactly what consumers need to keep note of, while investing their hard earned money in RE assets.**

Now, back to the question of Land pooling & end buyers. Let it be categorically known that there is no immediate hurry to transfer your hard earned money into some quasi developer's account.

In the run up to the approval of the land pooling policy, it was not a mere coincidence that the DDA released some press releases warning unsuspecting buyers not to buy / Book / fall for offers of apartments in unapproved projects under Land pooling policy of Delhi. You surely would've seen some tweets from BJP Members of Parliament and some MLAs, exhorting people not to fall prey to unscrupulous offers, OR, to even complain about such grievances to the authorities.

What this essentially means is that the DDA is serious about Land-Pooling this time, and it also wants the policy approvals to stand up to judicial scrutiny; not be castigated for not taking suo moto cognizance of the issue of multiple societies offering "DDA approved flats & plots under Land pooling" in Delhi.

Readers do remember these advertisements, multiple inserts by DDA in leading newspapers in Delhi, over the past couple of years.

**DELHI DEVELOPMENT AUTHORITY**

**PUBLIC NOTICE**

**BEWARE OF ANY ILLEGAL OFFER OF REGISTRATION OF PLOTS/FLATS UNDER LAND POOLING POLICY**

A large number of societies registered/unregistered are floating attractive schemes for booking of plots/flats claiming that the land for the purpose is available with them as per Land Pooling Policy (LPP) of DDA. These unscrupulous elements are charging registration money/initial deposit, etc., with brochures detailing such projects.

General public is hereby cautioned that Land Pooling Policy has not been operationalised as yet. Unless this policy is finally operationalised by the Government/DDA, no developer/builder can make assumptions about availability of land, its location, costing, time lines of delivery, etc.

**General public is therefore warned not to get tempted by such attractive offers/schemes for housing under Land Pooling Policy.**

Please give your feedback on DDA Apps at

Please visit DDA's website [www.dda.org.in](http://www.dda.org.in) for any information on Land Pooling Policy

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Merely owning a few acres of land does not qualify the Landowner to develop & sell apartments. If one carefully reads the final notifications, the Land pooling policy of Delhi introduces the concept of Developer Entity (DE). Here is an excerpt from the Raj Bhawan release of 07<sup>th</sup> September' 2018

*"For smooth planning and development of infrastructure, integrated Sector-based planning approach shall be followed. A sector will be comprising of 250 to 300 Hectares of land. Once minimum 70% contiguous land of the developable area within a sector, free of encumbrances is assembled, such sectors shall be eligible for development under the Policy where any individual, developer entity or consortium with minimum two hectares of land can take up development."*

For ease of calculation, let us assume that a particular sector is 500 acres. Effectively, DDA would initiate the development planning of that particular sector on after 350 acres of documented contiguity is proven to DDA. Which effectively points to the fact that an owner of 2-5 acres who has sold apartments already under some scheme to buyers, is a marginal player in the decision making process of that sector. Assuming 500 consumers bought apartments in a marginal decision makers' unapproved project, they have negligible say. To top it, DDA has already cautioned them earlier.

Don't forget, DDA is also the Real estate regulator in Delhi; hence, not much protection for the individual buyer as RERA has no provision for buyer gullibility. Most buyers who assumed that they bought an apartment better be aware that they are a member of a multi state cooperative housing society, not strictly classified as a buyer, under RERA.

Price cannot be the only consideration while buying real estate; the ability to deliver needs be the foremost. In my humble wisdom, many of the projects which have been announced, cannot not even be delivered at the price points they have been sold at. Common sense, why would anyone build if there's no profit in the same.

Various notifications & Judicial orders explicitly prohibit any Marketing & sales of real estate projects without a valid License to build, and prior registration with the RERA authorities. Many a projects advertised by quasi developers in Delhi have neither, and DDA has already cautioned prospective buyers.

Prospective Buyers, You are the only custodian of the safety of your money; exercise caution, be lured by some imaginary price benefits, **WAIT FOR THE LICENSES TO BE ISSUED BY THE AUTHORITIES**, else you may neither see your money, nor your dream house for another 5-7 years.

Let's not forget the old adage – **“REAL ESTATE IN BOUGHT, NEVER SOLD”**

*The author is the founder Director of Certes Realty Ltd, and Director on the board of SPA Capital Services Ltd; with knowledge insights on Investments & Land under MPD 2021*