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C&M E-ALERT: Delhi High Court orders DDA to clear pending leasehold-to-freehold conversions within two months

Delhi Development Authority v. Mala Sahni Seth & Anr. and connected matters | CONT. APP.(C) 15/2026 | Delhi High Court (Division Bench) | Decided 28 September 2026

The leasehold-to-freehold conversion of properties in Delhi has been frozen since January 2026. On 28 September 2026, a Division Bench of the Delhi High Court (Justice Prathiba M. Singh and Justice Vikas Mahajan) stepped in.[1] It directed the Delhi Development Authority (**DDA**) to decide every pending conversion application within two months, and to decide each one at the charges fixed by the policy that was in force on the day the application was filed. The Court refused the Government's request for another two to four months, holding that a year-long standstill across the city was "completely unacceptable".

For the roughly 1,373 owners who applied and paid before the freeze, this is real and immediate relief. For anyone planning to convert, or buying, selling or lending against a Delhi property that still needs conversion, the position is clearer on timing but not yet settled on the money. The reasons, and what to do about them, are below.

BACKGROUND

Most DDA properties in Delhi are held on leasehold. Converting to freehold gives the owner clean, unconditional title. Without it, selling, mortgaging, gifting or passing on the property carries the restrictions that come with a lease. Conversion matters most at exactly the moments people need it: a sale, a loan, a family settlement, or an elderly owner trying to release funds.

Owners apply and pay online through the DDA's IDLI portal (Interactive Disposal of Land Information System). This portal has been switched off since 2 January 2026. The reason is a policy question the Ministry of Housing and Urban Affairs (**MoHUA**) wants to settle first, i.e., *whether conversion charges should be recalculated at current circle rates instead of the older rates*. While that question sits undecided, everything downstream of it has stalled.

The scale of the freeze, on the DDA's own figures placed before the Court:

- **1,373** conversion applications filed between 2020 and 2026 are pending.
- **INR 155.06** crore in conversion charges has already been collected by the DDA on those applications.
- **308** of the 1,373 have already been approved for conversion, but the conveyance deeds have not been executed.

The Court recorded that the delay has held up genuine sales, title finalisation and family settlements, and observed that conversion is "an important right" that lets citizens freely deal with and transfer their property. It noted, pointedly, that having collected more than INR 155 crore, the authorities could not justify keeping even approved applications on hold.

[1] Delhi High Court (Division Bench) Order dated 28 September 2026 in ***Delhi Development Authority v. Mala Sahni Seth & Anr.*** *and* connected matters 2026:DHC:8534-DB.

WHAT THE COURT DIRECTED

- **Pending applications get decided, and at the old rate.** All pending applications must be processed under the policy in force on the date each was filed, not any future circle-rate policy. Decisions are due within two months of the order, that is, by end-November 2026.
- **Any new policy will apply going forward only.** The Court had already held, on 7 September 2026, that a fresh policy must operate prospectively. It drew on the Single Judge's decision in *Neera Sharma v. DDA*[2] and on the Government's own acceptance that a policy of this kind is normally prospective.
- **A policy for future applications, and for reopening the portal, must come to Court.** MoHUA and the DDA must place their policy for fresh applications, and for restarting the IDLI portal, before the Court by the next hearing.

THE C&M VIEW

This is a strong, practical win for owners who are already in the system. It is worth being precise about how far it goes, because that is what determines how you should act.

- **The relief is based on fairness, not a final ruling on your rights.** The Court directed processing at the filing-date rate "in the interest of justice", weighing the fact that the money has already been collected. It did not decide, as a point of law, that paying the charge creates a vested right to that rate. MoHUA's argument, that mere pendency or a deposit does not freeze the rate remains open. The protection by the Court rests on an interim direction in a part-heard matter, so the 11 December hearing is crucial.
- **The circle-rate risk has moved to future applicants**. If a higher, circle-rate charge does come in, it is the people who have not yet applied who will carry it. Anyone intending to convert should factor in both a likely higher cost and the wait for the portal to reopen.
- **If you are mid-transaction, you now have something to plan around**. A sale, loan or settlement that hinges on a pending conversion finally has a working horizon (end-November for pending cases) and a fixed cost basis (the filing-date charge). Build that into the documents – realistic long-stop dates, conversion as a condition, and a clear allocation of who bears any revised charge if the policy shifts.
- **The 308 approved cases should press for the conveyance deed**. Approval without an executed conveyance deed leaves title incomplete. These owners should treat the two-month window as the time to get the deed executed and registered, not merely to secure a fresh approval.
- **Transferring without converting is still uncertain ground.** The Court found no clarity in the authorities' own minutes on how leasehold property is to be transferred and noted that counsel could not explain the mechanism. Gifting, selling, inheriting or mortgaging an unconverted leasehold property may be possible through established procedure, but it should be handled with care and matter-specific advice until the position is put beyond doubt.

The next hearing is on 11 December 2026, when the policy for future applications and the reopening of the IDLI portal are expected to be placed before the Court.

[2] ***Neera Sharma v. Delhi Development Authority***, 2013:DHC:2057.

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