

## **INTRODUCTION**

The Land Costing Wing performs the accounting functions of various units of the Lands Wing viz Residential, commercial, industrial, institutional, Group Housing societies, Cooperative societies, Rohini Residential scheme, OSB properties, etc. Its functions are complementary to the functions of Lands Disposal Wing. The Land Costing wing also carries out activities related to fixation of Predetermined rates, land rates for levy of misuse charges, land rates for conversion from leasehold to freehold in respect of Residential, Commercial, Industrial, Multi-level parking and Mixed use properties, damage rates for residential and commercial properties, license fee for allotment of land on temporary basis to various petroleum companies, use conversion charges and additional FAR charges for implementation of various policies notified under provisions of MPD 2021 from time to time.

**Brief parameters used for deriving rates/charges as contained in this Compendium are as under:**

### **1.Pre-determined rates of Developing Areas (i.e. Narela, Rohini, Tikri Kalan)**

DDA allots land at predetermined rates under section 6 of Delhi Development Authority (Disposal of Developed Nazul Land) Rules 1981 to individuals whose land has been acquired for planned development of Delhi and to individuals, who are in the low income group or the middle income group, by draw of lots, socially disadvantage group and industries which are required to be shifted to non-conforming areas.

The predetermined rates are fixed having regard to the cost of acquisition, development charges and additional charges for use and occupation and notified by the MoHUA under Rule 2(I) of the DDA (Disposal of Developed Nazul Land) Rules, 1981, on the recommendation of the Authority. To work out the PDR, the Break Even Rate (BER) of the preceding financial year is computed and updated by 10% to derive the rate applicable for the relevant year. Cost of Internal Development is further added, wherever applicable. To calculate the BER, indexation method is used whereby all expenditure as well as income cash flows up to the preceding year are updated to their present values. Anticipated expenditure over the remaining period of the project is added to the updated aggregate expenditure. Similarly, exercise is done for revenue. BER is then determined by matching the excess of aggregate expenditure over the indexed revenue with the available land which means the balancing figure is divided by the weighted area.

Broadly, for residential uses, these rates are applied for alternate plots registrants, land beneath flats constructed by DDA and plots under Rohini Residential Scheme. The ongoing projects where exercise as stated herein above is being carried out are Narela, Rohini Phase IV & V and Tikri Kalan, Chemical traders at Holambi Kalan, Narela. For each financial year, these rates are notified by the MoHUA.

## **2. Pre-determined rates of Developed Areas**

These rates are applied for calculating the land premium recoverable from the allottees of alternate plots and land beneath DDA flats in developed areas. From the year 2011-12 onwards, these rates are being updated @ 10% over the PDRs of the immediate preceding year. As on date, these rates are issued with the approval of Authority.

## **3. Institutional Land Rates**

Rule 5 read with Rule 20 of DDA (Disposal of Developed Nazul Land) Rules, 1981 provide for allotment of institutional land for various purposes like social, cultural, religious, etc.

The Institutional Land Rates have been broadly categorized as under:

- i) No Profit No Loss (NPNL) Rate or Govt to Govt Rate- These rates are applied for allotment of land to Central Govt/GNCTD, its autonomous bodies etc. The NPNL rate is derived considering Cost of Acquisition, Holding cost which is taken at 10% p.a. and current cost of development.
- ii) Zonal Variant Rates(ZVR)- These rates are equal to 4.5 times of above NPNL Rate for Central / South /Dwarka, 3 times for East/West/North/Rohini and 2 times for Narela/Other outlying areas. These rates are fixed bi-annually.

## **4. Reserve License Fee for Petrol Pump Sites**

Over the years, DDA had allotted land to Petrol Pumps, CNG stations and gas godown on license fee basis. The rate of license fee per sqm is worked out @5% of the globalized commercial rate of the land. At present, revision of these rates is under consideration.

**5. Land Rates for Conversion of Residential Properties from Leasehold to Freehold** Govt. of India had introduced the policy for conversion of residential properties from leasehold to freehold in April, 1992. The land rates for conversion of residential plots from leasehold to freehold were initially based on L&DO Rates. After commencement of scheme of conversion in April, 1992, the land rates for conversion of residential properties were initially based on L&DO Rates. Since then, these rates have been revised/ increased over the existing rates from time to time, as depicted in the table hereunder:

Month and Year of increase	Period after which revision of rates was proposed	Increase over the existing rates	Name of Authority which approved the increase
1 <sup>st</sup> Revision in April, 2000	8 Years	2.31 times	VC
2 <sup>nd</sup> Revision in February, 2006	5 Years 10 Months	1.5 times	VC
3 <sup>rd</sup> Revision in August, 2011	5 Years 6 Months	1.5 times	Authority

These rates are, therefore, being followed by DDA provisionally pending approval of the Ministry,

which is still awaited. The rates last approved by the Authority in the year 2011 are still in vogue.

## **6. Land Rates for Conversion of Commercial/Industrial Properties from Leasehold to Freehold**

The Scheme for conversion from leasehold to freehold was extended to all built up commercial, industrial & mixed land use properties by the Ministry of Urban Development & Poverty Alleviation, Govt. of India vide letter dated 24.06.2003. The following formula for calculation of conversion fee for various industrial, commercial and mixed land use properties was also conveyed.

$$\frac{\text{Area X Notified land rates (Commercial/industrial) on the date of application} \times 10}{100}$$

Initially, the rates for computation of conversion charges of commercial and industrial properties for the initial year 2003-04 were fixed after updating the rates notified by L&DO for the year 1995-96. But as there was not much response, it was felt that these rates be rationalized on the basis of actual market trend. Accordingly, the rates for the year 2004-05 were firmed up based on average auction rates of the year 2003-04 with the approval of the Authority

While working out the land rates for the subsequent years, though the average auction rates of relevant years were duly considered, but in view of the huge fluctuations in the market rates, an equitable annual increase @ 10% i.e. equal to expected cost of money was approved by the Authority till the FY 2025-26. These rates have been made applicable in DDA provisionally pending approval of the Ministry, which is still awaited.

## **7. Land Rates for levy of Misuse Charges**

The Misuse Charges are levied where any property has been used for the purpose other than the use prescribed as per the terms of lease deed. For such levy, DDA had rationalized the policy for levy of misuse charges in respect of residential properties vide circular dated 05.05.2016. In case of commercial and industrial properties, the period of misuse is determined in terms of policy dated 26.03.2010. The misuse charges are calculated based on misuse data firmed up by the Management wing as per the rates approved by the Land Costing Wing from time to time.

### **METHODOLOGY:-**

The formula to work out the misuse charges is given hereunder: -

$$\frac{\text{MA} \times \text{A} \times (\text{V}' - \text{V}) \times \text{P}}{\text{FAR}}$$

Where,

- MA = Misused area
- FAR = Permissible Floor Area as per MPD.
- V' = Present Market Rate of Land for the purpose for which the property is being misused.
- V = Market Rate of the Land on the date

of last transaction for the Purpose for which land was leased out.

A = Area of Plot

P = Percentage multiplier @ 13.90%

$\frac{(V'-V) A \times P}{FAR}$  = Annual Misuse Rate

### **8. Damage rates for Residential Properties**

Damage are levied under the provisions of Public Premises (Eviction of Unauthorized Occupants) Act, 1971. For the purpose, rates are approved annually. For the purpose of levy of Damage, lands rates are divided into two categories namely those applicable in respect of (i) Nazul-II & GDA Properties and (ii) Nazul-I & Villages Lands. So far as the damage charges in respect of Nazul II and GDA properties is concerned, presently, it is charged @ 10% of the circle rate as notified by the GNCTD. The damage charges in respect of Nazul-I and Village Lands, the rates are updated on Cost Inflation Index (CII) as notified by Central Govt. under the provisions of the Income Tax Act, 1961.

### **9. Notifications for implementation of various provisions of MPD 2021**

For implementation of various policies notified under provisions of MPD 2021, the following notifications have been issued from time to time-

- Fixation of use conversion charges for Mixed Use/Commercial Use of Premises and Shop-cum-residence plots/Complexes later designated as LSCs
- Fixation of rates to be applied for use conversion mixed land use and other charges for enhanced FAR arising out of MPD-2021
- Fixation of charges for grant of enhanced FAR to Hotels arising out of modification in MPD 2021
- Charges for availing additional Floor Area Ratio (FAR) in respect of plots in the Low Density Residential Area (LDRA).
- Fixation of use conversion charges on upper residential floor of various markets (Sarojini Nagar market, Khan Market, and Green Park extension etc.)
- Exempting additional FAR charges in respect of Educational institution /Trusts, Health-care and other social welfare societies etc. having exemption from income tax under Income Tax Act, 1961
- Fixation of charges for redevelopment of godown clusters in non-conforming areas
- Regulations for Regularization of Farm Houses in Delhi
- Fixation of charges for additional FAR arising out of MPD-2021 from Government Departments (Central Government/GNCTD Departments)
- Charges for additional FAR for Motels
- Conversion fee for setting up of Fuel Stations on privately owned Lands in National Capital Territory of Delhi
- Fixation of Use conversion charges for privately owned land in NCT of Delhi.