



Delhi Master Plan 2021 – NOTIFICATION – How soon?

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During the first four months of the current calendar year, a few questions were off repeated during most of the meetings & seminars that we attended. Most of them obviously had a reference to the revival of the realty sector, and the promises, unfulfilled and yet to be made, by the scrupulous as the not so well meaning.

- a) Are we headed to a hung parliament?
- b) If a government is formed with majority, would the agenda be any different for the incoming urban development & housing ministries?
- c) Would it impact the real estate prices in Delhi NCR?
- d) How soon do we expect changes, if any?

The first question was answered by the resounding win by the congress. We finally had a stable government which “promised to deliver differently”.

Mr. Jaipal Reddy being sworn in as the urban development minister was an indication towards the government’s intent of continuity and speed. Ms. Selja’s appointment as the minister for Housing & poverty alleviation was another ‘leg-up’ for the change in positive attitude.

Everyone was keen to know on the constitution / functioning of the ministry, the agenda and the foreseeable results. We too have been anxious to know the logical direction of the Delhi master plan 2021, as we believe that would be the singular factor to drive down the already increased and unsustainable pricing prevalent in the NCR region.

We huddled together in the first week of July’09 to analyze the prevalent & likely trends, price points, ground level realities, administration – political & bureaucratic, and most of all, the first 100 days agenda of the ministry of urban development, as well as the Ministry of Housing & Poverty alleviation, which would be a key indicator for the strategic direction of the MPD 2021 (Delhi master plan).

We rummaged through a lot of reference materials, including transcripts of debates in the Parliament & Assembly, various notifications, draft master plans, the expert committees constituted for Lal Dora / others.

Here is the good news. The first 100 day agenda of the Ministry of Urban development. Let me re-produce relevant portions of it, before we get down to the analysis of the same.

Press release - Monday, June 29th, 2009 18:52 Hrs

100 day agenda for action of Ministry of Urban development unveiled

Point # 15 Matters relating to the Delhi Master Plan 2021

“The Delhi Master Plan 2021 envisages involvement of private sector in the development of land and provision of infrastructure services as an improvement over the current scheme of large-scale development and acquisition of land entrusted to the Delhi Development Agency (DDA). Focused efforts will be made to finalize the policy. Every effort will be made to finalize the Zonal Development Plans of Delhi”.

Our Observation: The draft master plan of Delhi 2021 was notified vide S.O no. 141 dated 07.02.2007 and published in the Gazette of India. Post that, there wasn't much action on the ground level. Many an investors, developers and home buyers are waiting in the wings, money ready, to grab land parcels when the zonal & ward plans would be notified. This clear indication would definitely motivate them.

On the other hand, this news would be a major dampener for the real estate investment scenario of Gurgaon, Noida, Faridabad, Sonapat, Bhiwadi etc. Let us not forget that these markets (excepting Gurgaon to some extent) mushroomed since Delhi (read DDA) did not ensure that the supply was in any way commensurate to the demand. Delhi's projected housing demand is in excess of 1 million homes.

Point # 16 Real Estate Regulator for Delhi

Real Estate Management (Regulation & Control) Bill for NCT of Delhi will be taken up for decision.

Our observation: A right step in the right direction, however, one needs to be too big an optimist to see this implemented in a hurry. Also, let's not forget that real estate being a state subject; we won't really see uniformity as in other sectors like Telecom (TRAI) etc.

However, we also referred to office order # o-17034/18/2009-H dated 19th Feb' 09 with the subject – "setting up of a committee to give a final shape to the model bill for regulation in real estate".

Point # 17 Building up 65, 000 houses by the DDA in next four years

In order to meet acute shortage of houses for urban poor, economically weaker sections and lower income groups of city of Delhi, construction of about 40,000 houses will be taken up. Tender documents for construction of such houses have already been made ready with fast mode of construction adopting pre-fabricated technology. Here, about 10, 000 houses are phased to be completed every year from the year 2010 onwards.

In addition to above, about 10,000 houses for middle-income group will be taken up on the same technology of pre-fabricated construction in four years' time in phases.

Apart from the above, about 15, 000 houses will be completed (ongoing projects) in various phases. These houses will be constructed on conventional technology and these will be available from the year 2009 to 2011.

Our observation: There seems to be a positive movement on the ground, with some projects already underway, esp. towards Bakkarwala etc. DDA already is in possession of land parcels which can reduce the timelines. That is another point of consideration when we deduce that the current pricing levels of NCR markets would see another round of correction, when the Delhi supplies are unveiled. Our deduction is that the entry level product pricing, for mid-end housing would be reduced to < 20 lakhs, compared to the 30+ today.

The notification of the Delhi master plan 2021 would be a precursor to many a systemic changes that we are likely to see in the India real estate industry. The draft policy of "land assembly....." vide order No.F.3 (53) 2003/MP and published on the DDA website vide letter no. CEO/EL.G/102 (14) / 2009 date 11.04.09 is a departure from earlier times. Let me refer to a couple of them to highlight the attitudinal shift.

- MPD 2021 acknowledges that with the necessity for creation of infrastructure to support growth of the city at this scale, the present policy of large scale development and acquisition and its relevance in the present context needs a thorough relook. Also to **involve the private sector** in the assembly and development of land and provisions of infrastructure services.
- It is necessary to review and reconsider the current scheme of large scale land acquisition, development and disposal by **DDA**.

- Guiding principles 4.1 page 03 – **Govt. / DDA to act as a facilitator with minimum intervention** to facilitate integrated planned development.
- Page 07 – clause 9.1 – FAR permissible on the gross residential use in the assembled pockets – 200 (**higher than Gurgaon which is @ 175**)
- **FAR to be earmarked for the EWS component over & above the FAR of 200: 30 (15%)**

The notification of Delhi master plan 2021, and its integration with the other agencies & watchdogs of culture, heritage etc. is extremely critical owing to the many national & international events and schedules in Delhi, over the next few years.

The intentions expressed by the various arms of the government over the past few months are indeed encouraging, and, we feel vindicated over our stand and effort invested over the past few years.

“We wait, to involve, and develop, aspirations of Delhi-ites”.

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However, the views expressed are of the author, and no claims whatsoever are being made through the observations.