

April 08, 2015

**RECENT CLARIFICATION ON STAMP DUTY EXEMPTION FOR LAND POOLING IN DELHI**

**Background:** In September 2013, Land Pooling as an alternative to land acquisition for promoting housing development in the National Capital Territory-Delhi was notified by the Ministry of Urban Development vide Gazette Notification S.O.No.2687(E) dated 05.09.2013, and incorporated as Chapter 19 of the Master Plan for Delhi – 2021. The basic premise of the PPP model of Land Pooling would involve consolidation of numerous land parcels from their respective owners by a Developer Entity (DE), in accordance with norms to be prescribed. The DE would then be required to surrender its ownership rights in the consolidated land parcels in favour of the Land Pooling Agency (i.e. Delhi Development Authority), which would later transfer ownership rights of part of the land back to the land owners for undertaking development of such areas. DDA's role would be that of a facilitator to speed up integrated planned development in the proposed urbanisable areas of Urban Extensions for which Zonal Plans have been approved. Draft Regulations for operationalization of the Land Pooling policy are currently awaiting approval from the Ministry of Urban Development.

**Essential Features:** Land parcels that are eligible for land pooling have been divided into Category I (20 Ha and above) and Category II (2 Ha to less than 20Ha). In Category I, 60% of the land would be returned to DE whereas DDA would retain the remaining 40%. In Category II, 48% of the land would be returned to DE whereas DDA would retain 52%. Each landowner would get an equitable return, irrespective of land uses assigned

to their land in the Zonal Development Plan, with minimum displacement. Land to be returned to DE would fall within 5 km radius of the pooled lands, subject to planning requirements. In case of fragmented land holdings coming forward for Land Pooling in the same Planning Zone, land would be returned in the vicinity of largest land holding within the same zone. In addition to residential purposes, Land Use distribution would be allocable for industrial, commercial, Public/Semi-Public Facilities, roads and circulation and recreational purposes. DDA shall *inter-alia* be responsible for carrying out external development (roads, sewage, social infrastructure, etc.) in a time-bound manner.

**Recent Clarification on Stamp Duty:** The issue of stamp duty implications on the surrender of land to DDA and subsequent transfer of land from DDA had been long pending clarification. In a welcome move, the Department of Revenue, Government of Delhi has issued a Notification dated 13.01.2015, exempting stamp duty payable under the Indian Stamp Act, 1899, in respect of the first transfer of pooled agricultural land parcels to DDA. Hence, any surrender of consolidated land parcels by DE in favour of DDA, in accordance with the Land pooling policy and prescribed norms, shall not be chargeable to stamp duty. However, the benefit of stamp duty exemption in this Notification is currently limited in scope as the Notification does not specify the stamp duty implications and exemptions (if any) for subsequent transfer back/return of land by DDA in favour of DE. Further clarification in this regard by the Government of Delhi would ensure smooth and successful implementation of the Land Pooling model.

For any further clarification on the subject matter of this Alert you may write to us at [zeus@zeus.firm.in](mailto:zeus@zeus.firm.in)

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