

Need for real estate regulator

GOING TO TOWN

SUDHIR VOHRA



Two events which occurred in quick succession last fortnight are, perhaps, portentous for Delhi's real estate.

Firstly, only two of the several hotel sites put up for auction by the DDA were successfully sold off — the rest did not achieve the minimum reserved price and shall be put up for auction again. At a time when everyone is aware of the shortage of hotel rooms, when the 'Bed and Breakfast' scheme is being heavily advertised by the Ministry of Tourism, when the progress of work on Commonwealth Games is being monitored closely, and when there is a general awareness of the dearth of hotel rooms in the city, why did this happen?

Secondly, the quick reaction of the DDA was significant. It now intends to reduce the reserve price by about 20%.

Read with these market signals are a few other indicators of how the realty market of the capital city shall fare in the next few months.

MPD 2021 indicates that a lot of land which was previously the agricultural (read farmhouses) belt around the city would now be released for residential group housing. Apart from a strip of one kilometre on the northern, western and southern boundary of the NCTD (there is no strip left on the east), all other land would now be available for residential and other development, using land pooling techniques and with Private Public Partnership (PPP) models. That is, in fact, about 30 % of the 1473 sq kms which the NCTD consists of.

Primarily because the DDA has earned a reputation for being the largest real estate agency in the world — as the state government has stated in one of its affidavits in Supreme Court — and because of the DDA's failure in managing land resources judiciously, we are witnessing a slow meltdown in property prices in the capital city.

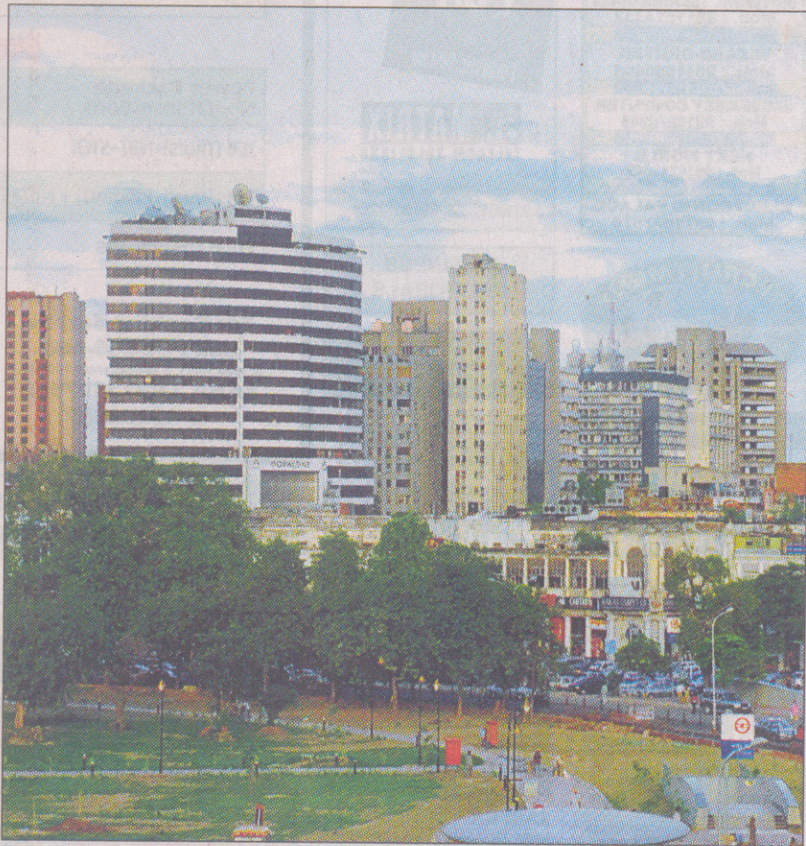
Such a reaction of the market is natural — it is a supply and demand mismatch, coupled with the pathetic quality of urban infrastructure which the city has to offer. Hence, the auction outcome and revision of DDA's reserve price.

Tourism experts will tell you that it is the high cost of land for hotel projects in the city which make the ultimate room rack rates uncompetitive when compared with other capitals of the world. How can the hotelier in the city compete in a global environment?

And now, the gradual implementation of urban governance laws in the city — enabled as it is with the courts watching through their monitors — has resulted in an acceptance that violations in future will reflect adversely on the bottomline of builders. In fact, the small

strings of control without bringing in appropriate regulatory measures would be a recipe for disaster — yet again the land pooling envisaged in the new Master Plan would not benefit the people it is intended for.

Isn't this the appropriate time for the Government to establish a real estate regulator? LG Tejinder Khanna, when he was earlier heading the committee looking for solutions to the mess in the city last year, had suggested such a regulatory body. It's time, perhaps, to wipe off the dust from the report and bring



fly-by-night builder has already disappeared from the scene.

The auction fiasco, combined with the release of agricultural land under MPD 2021, should be the trigger for ministry of urban development to take a hard relook at the land management policies which the DDA has been following so far.

At the same time, releasing the

in professional domain experts who understand land management, urban economics and urban governance.

Before another lot of simple folk lose their money once again to land sharks and hoarders.

Time, perhaps, to steer the DDA back to its mandate of being a development authority and not the largest real estate agency of the country.