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* IN THE HIGH COURT OF DELHI AT NEW DELHI

Date of Decision: 03rd July, 2026

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CONT.APP.(C) 15/2026

DELHI DEVELOPMENT AUTHORITY

.....Appellant

Through: Mr. C. Mohan Rao, Sr. Adv., Mr. Rajeev Lochan Mahunta, Ms. Naina Chauhan, Mr. Sahil S Panwar, Mr. Rahul, Advs., Mr. Naresh - Dealing Manager.

versus

MALA SAHNI SETH & ANR.

.....Respondents

Through: Mr. Saurabh Seth, Mr. Sukrit Seth, Ms. Neelampreet Kaur, Mr. Abhiroop Rathore, Mr. Kabir Devi and Mr. Sukhvir Singh, Advs.

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE VIKAS MAHAJAN

Prathiba M. Singh, J. (Oral)

1. This hearing has been done through hybrid mode.

CM APPL.40236/2026 (for exemption)

2. Allowed, subject to all just exceptions. Application is disposed of.

CM APPL.40234/2026 (for condonation of delay)

3. The present application has been filed seeking condonation of delay of 43 days in filing the present appeal.

4. For the reasons stated in the application, the delay is condoned.

5. The present application is allowed and disposed of accordingly.

**CONT.APP.(C) 15/2026 and CM APPL. 40235/2026 (for stay)**

6. The present appeal has been filed by the Appellant-Delhi Development Authority under Section 19 of the Contempt of Courts Act, 1971, *inter alia*, assailing the impugned order dated 18th March, 2026 passed by the Id. Single Judge in ***Cont.Cas(C) No. 438/2026*** titled '***Mala Sahni Seth and Anr. v. Delhi Development Authority***'.
7. The issue that has arisen in the present case is in respect of conversion of the Respondents' property from leasehold to freehold.
8. The issue whether Goods and Services Tax (*hereinafter*, 'GST') would be liable to be paid on such conversion processes is pending before a Co-ordinate Bench of this Court in various writ petitions, which have been filed by some lessees. One such petition is before a Co-ordinate Bench of this Court being ***Writ Petition(C) 16214/2025*** titled '***Mala Sahni Seth & Anr. vs. Delhi Development Authority & Ors.***'.
9. In ***Writ Petition(C) 16214/2025***, *vide* order dated 05th December, 2025, the Court had observed as under:

*"1. This hearing has been done through hybrid mode.
CM APPL. 66322/2025 (for stay)*

2. Adjournment has been sought on behalf of Delhi Development Authority (hereinafter, 'DDA') on the ground that the matter is being considered at the higher level as this has a huge revenue impact for DDA.

3. Insofar as the GST Department is concerned, it is submitted by Id. Counsel for the GST Department that the GST Policy Wing is looking into the matter.

4. On the previous date of hearing i.e., 30th October, 2025 the Court had directed DDA and GST Department



to file their respective counter affidavits.

5. However, counter affidavits have not been filed by the DDA and GST Department.

6. In any event, in the present case, the application of the Petitioner for conversion from leasehold to freehold need not be held back on this ground.

7. The undertaking of the Petitioner is recorded to the effect that if the Petitioner does not succeed in the present case, the demand for GST would be honoured as per the directions of this Court.

8. Let an affidavit of undertaking be filed to this effect by the Petitioner. Subject to the said undertaking, it is directed that the DDA shall process the application for conversion from leasehold to freehold.

9. It is also made clear that if the conversion takes place and the Petitioner is intending to dispose of or sell the property or create any third party interest, he shall do so only with the permission of this Court.

10. Let the counter affidavits be filed within a period of six weeks. Rejoinder be filed within four weeks, thereafter.

11. List before the Joint Registrar on 4th February, 2026.

12. List before the Court on 17th April, 2026.

13. The interim order granted earlier to continue.”

10. In terms thereof, it was clearly directed that the application of the Respondents for conversion of the property from leasehold to freehold would



not be held back on the ground of the issue related to GST being pending. An undertaking was recorded of the Respondents that, in case, the application is processed and the Court directs that the GST demand would have to be honoured, the Respondent would honour the same.

11. Mr. Saurabh Seth, Id. Counsel for the Respondent submits that the undertaking in terms of the order dated 5th December, 2025 has already been filed.

12. Despite the order dated 5th December, 2025, it appears that the conversion of the Respondents' property from leasehold to freehold was not processed and a **Contempt Case (C) No. 241/2026** titled '**Mala Sahni Seth & Anr. vs. Delhi Development Authority**', came to be filed by the Respondents.

13. The **Contempt Case (C) No. 241/2026** was considered by a Coordinate bench of this Court and *vide* order dated 11th February, 2026, it was observed as under:

"1. Learned counsel appearing for the respondent states that, in the view of the order dated 05th December, 2025, and the undertaking furnished by the petitioners on 10th December, 2025, the request of the petitioner for conversion of the land-in-question to freehold shall be considered, and decision to that effect will be communicated to the petitioner within a period of four weeks from today.

2. Since the statement is made on instructions by the learned counsel appearing for the respondent and the same is accepted as an undertaking to this Court.

3. In view of the aforesaid statement, the contempt petition stands discharged...."

14. As can be seen from the above order, the undertaking of the Delhi



Development Authority (*hereinafter*, 'DDA') was recorded and the contempt proceedings were discharged.

15. However, despite the aforesaid order, the conversion of the property from leasehold to freehold was not processed. This led to filing of the ***Contempt Case (C) 438/2026*** titled '***Mala Sahni Seth & Anr. vs. Delhi Development Authority***', before the Id. Single Judge.

16. In ***Contempt Case (C) 438/2026***, *vide* the impugned order dated 18th March, 2026, the Id. Single Judge has primarily observed that the DDA has to act in accordance with law and in terms of the previous orders, and complete the aforesaid exercise for taking requisite decision on the conversion application. The contempt petition was disposed of *vide* the impugned order dated 18th March, 2026 and the following observations were made:

"12. A perusal of the aforesaid Office Order dated 19.01.2026 indicates that only the receipt of fresh applications for free hold conversion have been put on hold by DDA w.e.f 02.01.2026, however, there is no impediment in consideration of the pre-existing applications.

13. As such, the Office Order dated 19.01.2026 does not pose any impediment to the consideration of the petitioner's application for taking the requisite decision thereof. Also, the fact that the IDLI system is not working cannot possibly be an impediment; it is for the respondent to ensure that IDLI System is activated for processing the case of the petitioner and other similarly situated applicants.

14. In the circumstances, the respondent is directed to act in accordance with law, and in terms of the orders dated 05.12.2025 and 11.02.2026, and accordingly complete the aforesaid exercise for taking requisite



decision on the petitioner's application for conversion from lease hold to free hold.

15. The present petition stands disposed of in the above terms.

16. Let an affidavit of compliance be filed within a period of 12 weeks from today."

17. The aforesaid order has been assailed by the DDA in the present appeal.

18. Mr. C. Mohan Rao, Id. Senior Counsel appearing for the DDA submits that a policy decision is likely to be taken by the Ministry of Housing and Urban Affairs on the conversion policy itself.

19. The aforesaid submission is opposed by Mr. Seth, Id. Counsel for the Respondents on the ground that the office order dated 19th January, 2026 passed by the DDA itself states that any new policy, which would be passed, would apply to fresh applications and not to already pending applications. The said office order has also been relied upon by the Id. Single Judge.

20. The Court has heard the Id. Counsel for the parties.

21. It is a matter of which judicial notice can be taken by this Court, wherein, in several cases pending before this Court in respect of flats in various Co-operative Societies, the IDLI portal of the DDA for filing applications seeking conversion of properties from leasehold to freehold has itself remained non-functional since 2nd January, 2026.

22. The grievance of the non-functioning of the IDLI portal of the DDA has been raised by a large number of citizens, of which notice has been taken by this Court and a status report has been called in ***Writ Petition (C) No. 9034/2025*** titled '***Kanta Rani vs. Registrar of Cooperative Societies & Ors.***'. In the said case, *vide* order dated 22nd May 2026, the Court has observed as



under:

“4. Heard the Id. Counsels for the Parties. As is clear from the above order that the regularization of the Petitioner’s flat has been done and a recommendation has also been sent to the Delhi Development Authority (hereinafter “DDA”) by the Registrar Co-operative Societies (hereinafter “RCS”).

5. However, there is a delay in the conversion of the flat from lease hold to free hold, as the relevant portal of the DDA is not functional. As soon as the portal is functional, the Petitioner is free to apply afresh for conversion and the same shall be processed within a period of six weeks thereafter subject to all formalities as applicable being completed.

*6. At this stage, the Ld. Counsel for the Petitioner has raised a serious objection that **the portal of the DDA for regularization of property is not functional since 2nd January, 2026.***

7. This Court has also heard similar grievances in many matters. Conversion of properties from leasehold to freehold is an important step which enables citizens to deal with their properties. Delay in the same could severely hamper the interest of property owners.

8. Thus, the DDA ought to take immediate steps to restore the functioning of the portal. Accordingly, let the Vice Chairman, DDA file a status report as to the reasons why the concerned portal is not functional, the steps taken so far and a timeline by which the same shall be functional. The status report shall be placed on record within 4 weeks by way of an affidavit.

9. The petition is disposed of in the above terms. Pending applications, if any, are also disposed of.



10. List for compliance on 30th July, 2026.”

23. The matter is, in fact, listed for compliance on 30th July 2026.
24. The conversion of properties from leasehold to freehold in the city of Delhi is an important right available to citizens, enabling them to freely deal with, transfer and otherwise transact in respect of their immovable properties. The DDA cannot be permitted to keep this issue pending for such a prolonged period, particularly when nearly seven months have elapsed without any final decision being taken.
25. The matter would, no doubt, require consultation amongst the DDA, the Ministry of Housing and Urban Affairs and the Ministry of Finance, however, such consultation ought to have been undertaken and concluded at the highest level with due expedition.
26. The continued delay from January, 2026 till July, 2026 in restoring and facilitating the process of conversion of properties from leasehold to freehold in Delhi is a matter of serious concern, as it adversely affects property owners intending to enter into sale transactions in respect of their immovable properties or finalise title in respect of their properties.
27. In fact, such delay is also likely to impede family settlements and other *bona fide* transactions involving immovable properties. Accordingly, in the larger public interest, it is imperative that a final decision in the matter is taken at the earliest, without any further delay.
28. Accordingly, it is directed that a decision shall be taken in an expeditious manner and the Vice Chairman, DDA shall file a status report as directed in ***Writ Petition (C) No. 9034/2025***. Copy of the said status report shall also be filed in the present matter.



29. The Vice Chairman, DDA shall also remain present in Court to assist the Court on the next date of hearing.
30. The issue of maintainability of the present Appeal is left open at this stage.
31. List on 30th July, 2026.

PRATHIBA M. SINGH
JUDGE

VIKAS MAHAJAN
JUDGE

JULY 3, 2026/*dss/dk/sm*