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Empowering Valuers: Bridging Technical Expertise with Financial Scale

Bank valuers are now expected not only to determine fair market value but also to evaluate **realizable** and **distress** values under dynamic market conditions. Their inputs form the basis of credit appraisal, provisioning, restructuring, and recovery decisions. Thus, valuation has graduated from a **supporting skill to a strategic function** in financial governance. Also play important role in banking system to help bank in disbursement of under construction property. Valuer now function as the **eyes and ears of the bank**, ensuring that lending decisions are grounded in technical reality. From assessing collateral security to monitoring construction-linked disbursements, valuers bridge the gap between field conditions and financial prudence. This paper discusses how valuers are evolving from individual experts into integral risk partners in India's banking system.

As India's banking system expands its reach to diverse sectors—from housing finance to infrastructure the valuer's role has evolved into a core pillar of financial discipline and governance. By integrating technical verification with financial prudence, valuers not only protect bank assets but also ensure responsible capital flow in the economy. Their professional expertise contributes directly to economic stability, transparency, and sustainable credit growth, positioning valuers as indispensable partners in India's development journey.

In under-construction housing and project loans, banks release funds in stages based on verified progress at site. Here, the **valuer's progress inspection report** acts as the foundation for disbursement.

- Construction progress aligns with sanctioned stages (plinth, structure, finishing, etc).
- Borrowed funds are utilized only for the approved purpose;
- The value created on-site matches the disbursement made;
- Over-financing and diversion of funds are avoided.

This periodic certification acts as a **technical control mechanism** that strengthens the bank's internal credit monitoring. It ensures that the economy's capital flow is based on genuine asset creation not speculative estimates.

Sr. No.	Purpose	Valuer's Responsibility	Precautions / Special Guidelines
1	Stability Certificate for Existing Buildings	Assess structural integrity of the building.	- Estimate building age and residual life - Inspect for visible cracks, corrosion, sagging - For upper-floor installations, assess impact on lower floors and foundation - If necessary, obtain structural engineer's certificate and annex with report
2	Utilization Certificate for Housing Loan Disbursal	Inspect whether disbursed loan amount has been utilized for construction as per sanctioned plan	- Verify progress of construction against approved building plan - Confirm that stage of work aligns with the bank's disbursed amount - Document deviations or incomplete work - If structure is not as per map, raise flag and advise bank in writing - If funds are misused (e.g., used elsewhere or no construction), report immediately with photographic evidence and valuation commentary

HOW TO PERFORM UTILIZATION CERTIFICATE INSPECTION

Inspection Step	What to Check
Site Access & Identity	Verify plot number, location, and sanctioned layout
Construction Stage	Match actual work done with the stage-wise fund released
Structural Checks	Columns, plinth, slab, walls – confirm stage is complete and as per map
Material On-site	Cement, steel, bricks stocked – confirms intention to construct
Unauthorized Deviations	Extra floors, change in layout, setbacks, encroachments
Photographic Documentation	Attach geotagged photos of work done and site board
Owner Interaction	Confirm whether owner has any constraints delaying construction

WHAT A VALUER SHOULD DO IF MATERIALS ARE NOT YET UTILIZED

Action Step	Explanation
Physically Verify Materials	Confirm the materials are at the site (e.g., cement bags, steel bars, bricks), not at supplier godown or in transit.
Photograph Everything Clearly	Take dated, geotagged photos of all materials lying at site for your report.
Do NOT Treat as Fully Utilized	You cannot consider unused material as actual progress in construction . Utilization = Funds used in actual building work.
Mention in Report as "Material Stocked"	Instead of adding to certified utilization, mention material cost as "available but not yet utilized."
Add a Cautionary Note	Clearly advise: "Materials worth approx. Rs X are lying at site but are not yet used in construction. These should not be treated as completed work until physically consumed."
Protect Bank's Interest	Recommend holding next fund release until actual construction is done using stocked materials.

HOW TO WRITE THIS IN YOUR REPORT (SAMPLE LANGUAGE):

"During the site visit conducted on [Date], construction materials including approx. 2 MT of steel, 100 bags of cement, and bricks were found stocked at the site. However, these materials have not yet been utilized in the actual construction. Presently, the physical work completed corresponds to an estimated stage value of Rs X only. The unused material value has not been included in the certified utilization amount. Further release of funds may be linked to actual consumption of these materials."

Value of Completed Construction = % Work Done × Estimated Cost of Construction

For example,

Estimated Cost = ₹50,00,000

% Work Completed = 40%

Current Value = ₹20,00,000

Stored materials are not included unless specifically instructed by the bank and verified with ownership bills and usage timeline.

BEST PRACTICES FOR VALUER

- Maintain clear photo evidence for each construction stage.
- Specify exact **percentage completion** for each block or phase.
- Avoid vague terms like "nearing completion"—always mention measurable progress.
- Highlight **"Balance Work Remaining"** to guide safe fund disbursement.

Always include a disclaimer: "The valuation is based on visible construction work as on the inspection date. No liability is accepted for future cost escalation, hidden works, or structural defects."

