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ABOUT

THE Valuer

With the view to keep the members and valuation aspirants updated, IOVRVF has come up with publishing the Journal 'IOV RVF The Valuer'.

This journal is a result of the combined efforts of all the authors, and fellow members who make this journal worth-reading.

It is pertinent to mention that in the content of this Journal, we bring diversity in the themes to keep our reader motivated. With the penned-down thoughts from our Valuer Members in the form of article on different topics, we ensure to enlighten the knowledge of readers in different verticals of Valuation.

As IOV-RVF always follows futuristic approach in their working, we will keep on updating the Journal with the upcoming developments in the valuation field.

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Dr. Vinay Goel

From the desk of
MD & CEO, IOV RVF

Approaching the completion of 8th year since formation of IOV RVF, I find it both humbling and inspiring to look back at the journey we've travelled together — a journey filled with dedication, learning, challenges, and collective success. A Journey achieve excellence in doing whatever assigned to all of us.

IOV Registered Valuers Foundation (IOVRVF) was established with a vision to create a robust ecosystem for valuers — one that upholds knowledge, ethics, and professional integrity as its cornerstones. Over the years, we have grown not only in numbers but also in strength, credibility, and impact. Today, IOVRVF proudly stands as one of India's largest and most trusted Registered Valuers Organisations, representing **nearly 40% of the total strength of valuers registered with the Insolvency and Bankruptcy Board of India (IBBI).**

This achievement is not just a number — it reflects the **trust that thousands of valuers have placed in us**, of their faith in our vision, and of our shared belief in the value of professionalism and ethical practice. We owe this success entirely to our members, who continue to be the strength of IOVRVF. Over the past year, we have strengthened our institutional framework by scaling up our capacity-building initiatives. A record number of **Continuing Education Programs (CEPs)** and **Mandatory Education Programs (MEPs)** were conducted, enabling valuers to stay aligned with new standards and



regulatory expectations, as well individuals for their aspirations to become asset valuers.

We have also embraced digital transformation through the implementation of **VDI-based electronic data storage systems**, a toolkit of checklist ensuring seamless preservice of documentations, records, and compliance related documents according to the **latest IBBI guidelines**. These initiatives are not just technological upgrades — they represent a mindset shift toward accountability, transparency, and future readiness.

This year, we have taken major strides in aligning our internal systems with **global valuation practices** and have continued to support members through daily advisories, and professional guidance. Through constant dialogue with regulatory bodies, government departments, and industry stakeholders, we continue to act as the voice of valuers, ensuring that their interests and challenges are represented at the right platforms.

As per IBBI's revised directions, IOVRVF has reintroduced physical training programs alongside online initiatives, ensuring stronger engagement and practical exposure for members. Our reach has expanded across the country — from metros to emerging towns — **through the collaborative efforts of IOV branches and faculty teams who are driving awareness and capacity building at the grassroots level.**

We are also focusing on **research-driven development by strengthening our internal teams working on Valuation Standards, Research, and Publication**. The IOVRVF Journal continues to serve as an authentic platform for knowledge dissemination and thought leadership in the valuation domain, reflecting the evolving dynamics of the profession.

To all our members, faculty, and supporters — I extend my deepest gratitude. Your unwavering trust, active participation, and continuous engagement are the reasons why IOVRVF has achieved such prominence. Each program conducted, each journal published, and each advisory issued is the result of collective effort — of a community that believes in progress with integrity.

As we look forward, let us carry this spirit of unity and excellence into the new year. Let us continue to inspire confidence, uphold our professional dignity, and make IOVRVF not only the largest RVO in India but also a benchmark of quality and credibility in the world of valuation.

Together, we can — and we will — make it larger, stronger, and brighter.





IOV Registered Valuers Foundation™

IOV RVF is proud to be recognized by **Business Outline** for **Outstanding Contribution in Development of the Valuation Profession**

Dr. Vinay Goel shares insights with Business Outline on IOVRVF's achievements and the road ahead.

Scan the respective QR codes to explore.



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Dr. VINAY K. GOEL

Hony Gen Secy, IOV and
MD & CEO, IOV RVF

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Dr. Vinay Goel participated in a panel discussion on “**ESG in Practice**” during the **Advisory Forum Day** organized by **IVSC** on **28th Oct 2025** at The Lalit, New Delhi.

The panel included distinguished representatives from **Germany, Korea, and Portugal**, fostering global dialogue on the integration of ESG principles in **Valuation practice**.



**Mr. Tanuj
Kumar
Bhatnagar**

**Editor in Chief,
Editorial Board,
IOV RVF
The Valuer**

At **IOV RVF**, we firmly believe that our members are our greatest strength. With this year's final edition of the **IOV RVF Journal**, I take this opportunity to extend appreciation to our members, readers, and all those who have contributed to our collective progress. Each edition of this journal stands as a reflection of the profession's growth, our members' dedication, and the steady evolution of valuation in India's economic landscape.

As the **largest Registered Valuers Organisation (RVO)** in India, representing a strong network of **over 9,000 members**, we take pride in being at the forefront of this transformation. This growing number is not merely a statistic representing the trust placed in us by the valuation fraternity. This trust is significant in expanding the scope and recognition of the valuation profession within the national economy.

With this expansion comes greater responsibility. As **frontline regulators**, our role extends beyond capacity building that includes promoting professional & ethical standards while preparing valuers to meet emerging challenges in a dynamic financial ecosystem. The profession today demands a perfect blend of technical competence, ethical grounding, and adaptability to change.

In pursuit of this objective, **IOV RVF continues to organize Continuing Education Programs (CEP)**, specialized webinars, and structured training sessions

designed to align with the nation's vision of Skill India. These initiatives not only enhance technical expertise but also equip valuers to handle diverse asset classes having complex valuation contexts with confidence and clarity.

Strengthening this vision further is our most awaited annual event—the **Indian Valuers Congress (IVC 2025)**—the flagship congregation of the valuation profession in India. Hosted by the **Institution of Valuers**, in association with **IOV Registered Valuers Foundation**, IVC 2025 will be held from **18th to 20th December 2025 at Raipur**, the Capital city of Chhattisgarh.

The theme, “**Catalyzing India's Growth: The Evolving Role of Valuers – From Skill to Scale**,” encapsulates the profession's transition from foundational learning to impactful contribution. It highlights how valuers, through specialization, technological integration, and adherence to standards, play a pivotal role in strengthening India's economic prosperity.

As we move ahead, our focus remains on 3Cs, i.e **Credibility, Consistency, and Competence** in valuation practice. Together, let us continue to build a profession that brings strength and stability to India's economic growth illuminating the nation's journey towards Viksit Bharat 2047.





Vox Populi

Perspectives That Shape The World
of Value.



Chandrashekar Gurudas Prabhudessai

L&B Registered Valuer

IBBI/RV/02/2019/11996

BE CIVIL, FIE



Automating Valuation Reports with Python – A New Era in Engineering Excellence

Today, in the spirit of **Sir Moksha Gundam Visvesvaraya**, the legendary engineer, statesman, and Bharat Ratna awardee' vision, engineers are embracing **cutting-edge tools like Python** to bring **efficiency, accuracy, and transparency** into fields as diverse as civil engineering, structural design, and real estate valuation.

From Blueprints to Bytes: Engineering Innovation in Valuation

Traditionally, **valuation reports** for properties and assets involved:

- Manual data entry into Excel sheets and templates
 - Long formatting processes for annexures and compliance sections
 - Risks of human error in financial metrics like market value, replacement cost, and depreciation
- Now, with **Python automation**, engineers and valuers can:
- Pull live market rates from sources like 99acres or Magic Bricks (*with regulatory caution*)
 - Generate **RERA-compliant** and **IBBI-standard** reports in PDF and Word formats automatically
 - Compute depreciation curves, valuation indices, and cost breakdowns instantly
 - Integrate photographs, location maps, and regulatory annexures with a single script

How Automation Saves Time and Improves Accuracy

Automation implementations reduce **report preparation time by 60%**, allowing us to deliver faster, more accurate property valuations to clients.

Before Automation:

- 4–6 hours per report
- Multiple Excel & Word files manually updated
- Formatting errors in annexures

After Automation:

- Less than 2 hours per report
- Single Python script to fetch, calculate, and format
- Ready-to-send PDF with branding and annexures

Why Engineers Should Use Excel as the Data Entry Base for Automated Valuation Reports

- Traditionally, most valuers preparing reports for banks, NBFCs, or clients work in **Word** templates.
- The left-hand side contains fixed questions (e.g., “Property Address”, “Area of Plot”, “Type of Construction”), and the right-hand side is manually typed by the valuer.
- While this feels straightforward, it has limitations:
- **No link with analytics** – The data is trapped in the Word file and can’t easily feed into cost trends, market analysis, or depreciation studies.

Why Excel Changes the Game

When we enter the valuation data into **Excel first** and then use **Python to autofill the Word report**, we unlock major advantages:

Single Source of Truth

- All property details are stored in one structured Excel sheet (one row per valuation, columns for each parameter).
- If the same property is revalued in the future, the data is already available — no retyping.

Instant Report Generation

- Python can read the Excel row and fill in the answers directly into your Word template.
- You can generate multiple reports in one click (batch mode).

Error Reduction & Consistency

- No manual formatting mistakes in Word.
- Fixed Excel column names ensure Python always knows where to find each answer.
- Drop-down lists and data validation in Excel can control what valuers enter (reducing spelling errors and mismatched units).

Analysis & Insights

- **Once data is in Excel, you can:**
- Compare property rates across months/years
- Generate depreciation curves
- Build valuation indices
- Track how your valuations compare to market sales

- These insights are **impossible** if the data is locked inside individual Word files.

Easy Integration with Other Tools

- Excel acts as a bridge between Python and:
- **Web scraping tools** (99acres, Magic Bricks market rates)
- **Financial models** for project cost breakdown

Scalability & Reuse

- The same Excel dataset can produce:
- **IBBI-compliant valuation reports**
- **RERA formats**
- **Bank-specific templates**
- **Client-friendly summaries**
- No retyping — just different Word templates pulling from the same Excel source.

For engineers: This isn't just about making reports faster — it's about building a valuation data bank over time. With every Excel entry, you're growing a dataset that can power AI pricing models, automate cost analysis, and even forecast future property values.

Future of Engineering in Valuation

Looking ahead, we foresee integration of:

- **AI-powered valuation models** trained on regional market data
- **GIS-based mapping** for precise location analytics
- **Cloud-based dashboards** for real-time collaboration with clients and auditors

AI-powered valuation models trained on regional market data can be a major leap forward for your automation work, especially for your valuation reports and property advisory services.

What Is AI-Powered Valuation Models?

- Historical sales data
- Current market listings
- Regional economic indicators
- Local zoning/regulatory influences
- Property features (size, amenities, age, construction quality)

When trained on say for example Goa-specific or city-level datasets, these models can deliver highly localized, more accurate valuations compared to generic national averages.

Key Data Sources for Regional Models

- **Government land records** (circle rates, guidance values)
- **Portal listings** (99acres, Magic Bricks, Housing.com – via scraping/APIs)
- **Property transaction registries**
- Municipal property tax records

- Rental yield and occupancy trends
- Infrastructure development plans (**road, metro, airport projects**)

Tech Stack for Implementation

- **Data Handling:** Pandas, NumPy
- **Machine Learning:** scikit-learn, XGBoost, LightGBM
- **Deep Learning (if complex patterns):** TensorFlow, PyTorch
- **Geo-Spatial Integration:** GeoPandas, shapely, QGIS APIs
- **Deployment:** Flask/FastAPI for API, Streamlit for client dashboards

Workflow Example

- **Data Collection:** Aggregate sales and rental data for your target region (e.g., Bardez, Salcete in Goa).
- **Feature Engineering:**
 - Distance to beach, highway, schools
 - Age of building
 - Plot area vs. built-up area ratio
- **Model Validation:** Test predictions against recent verified sales.
- **Deployment:** Integrate into your Python valuation report automation — so the “Market Value” field is AI-predicted.

Benefits for Your Practice

- **Faster valuations** without needing to manually check each comparable.
- **Dynamic updates** as market data changes.
- **Client trust** via transparent AI methodology.
- **Scalable service** for multiple clients, developers, or banks.

A Call to Young Engineers

I encourage every aspiring civil and structural engineer to **embrace coding as part of their professional toolkit**. Whether it's Python, VBA macros, or API integration — your ability to blend engineering knowledge with digital skills will set you apart in the industry.

If you'd like to explore **automation in valuation reporting**, you can start with:

A free branded **Valuation Report Word Template**

A Python script for **automatic data filling and PDF generation**

Guidance on compliance with **RERA** and **IBBI**



Digbijoy Shil

L&B Primary Member

IOVRVF/M/L&B/16862

M.Arch Landscape Architecture

Valuation: A Paradigm for Resolving Complex Paradoxes in the Real Estate Industry

India is holding most population as per latest census. Everyone wishes to buy land to construct bungalow or to buy a flat in a potential location. Major issues come when people get into a dilemma which one should get buy? or which will give a good return? or which will be a part of development further? Many a time people randomly invest in real estate and expect to get return as they expect, apparently the return does not match their expectation. The ecosystem of real estate is very complex to understand not only about the location but also many parameters affecting the worth of the property.

Many People take their major investment decision based on hearsay and then they regret. This happens due to lack of knowledge about the ecosystem of real estate, half knowledge about the value of the property, unavailability of knowledge about the quality of the property etc. To solve all these ambiguities of people Valuers plays a major role in society. Valuers can guide people to take decisions on investment in real estate industry. They can provide all required data to the investor to give clarity on present investment and future projections about the property. In a way, valuers can manage the investment and growth. Micromanagement of valuation ecosystem carry validation and justification as reference for others to follow.

As you know, to create a perfect sphere all the dots should be placed perfectly and then if you join reference points together you will get a perfect sphere. Similarly, that valuers need to show their skill by evaluating the property in a perfect manner with future consideration and put a perfect value of a property so if it gets refer for other property then that property will get a proper valuation.

That's why it's very important to take proper methodology and process to evaluate a property perfectly so that perfectionism continues. Each of these perfect skills is going to create a ideal nexus of valuation in a city which gives clarity to clients to invest more. As a valuer we need to keep us upgraded and follow correct methods to value a property so that we make the urban nexus of valuation stronger and perfect.

Financial institutions and corporations are providing finance to the developers on basis on legitimate analysis and evaluation of valuers. Here valuers play a crucial role in managing the development and future projection of a city. Valuers need to have knowledge about everything to put their opinion. Valuers need to observe projects through many different lenses and these lenses will develop through experiences and correct evaluation process.

Many a time people not able to understand the growth of the region and they are not able to understand the category of the growth of the region or the area. Since investors invest to property to get maximum profit and functionality to get higher value and perpetuity of income. So, to get this they need to understand the character of development fabric to invest in a particular typology whichever going to meet the expectation of the investor. Nothing comes randomly.

Valuation is both interdisciplinary and multidisciplinary approach which goes through several different strategies and processes. In its interdisciplinary approach, it covers wide range of fields to amalgamate together in a cohesive manner and create a set of understanding which can refer further for similar cases.

Also, in its multidisciplinary approach, it uses reference knowledge from many other fields like law, finance, economy, architecture, construction, accountancy, management and many more as per requirement to justify the valuation in a perfect manner. So here we can see how much importance a valuation carries to decide further growth and attention of government and individual.

Policies and valuation are also interdependent to each other. Valuation gets affected by the policies through several different mechanisms including accounting policies, government rules and regulations, local government by-laws, monetary policies, fiscal policies etc. Likewise, valuations are also referring to justify the policy formulation and decision-making. Valuation considering in the policy making due to its comprehensive understanding of potential outcome, true value of property and the revenue generation assessment module. Here you can understand the scale of impact of valuation to introduce amendments policies. Valuation creates opportunities for its own. To understand different amendments, policies, by-laws, and their effects, valuers can come forward to give an understanding about strength, weaknesses, opportunities and threats of any particular property.

Valuers can control the equilibrium of prosperity where proper value of property can bring more investors and apparently it can balance the ratio of demand and supply. Here financial institutes can also strategies their distribution for different sectors of development which are ultimately going to maintain the transparency between three major stakeholders as in financial institutes/corporation, developer and investor. Strengthening these three major stakeholders catches more attention and eventually brings more people of table. This is how the real estate market gets better stability and support.

In a world of artificial intelligence and automation, valuation is still relying on people. The system of valuation requires physical interrogation, and it requires individual opinion. This is why valuation documentation is considered as a set of primary data. People participation in data collecting and data analysis make it much more authentic than an auto generated data. Since field visits, interviews in person and physical inspections are part of data collection methods; these documents are more valid and referable in any case. As a conclusion I can say that valuation is a tool through which we can determine the value of properties at any point of time. It is an essential prerequisite system for providing crucial inputs to make strategic decisions by developer, investor and financier in both micro and macro scale development.





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Valuation profession: an overview & insights

Preamble:

The valuation is not an innovation subject, but lot of advanced techniques are evolved in valuation field, as the technology is changing rapidly. The valuation profession in India is having an history of more than 50 years. Lot of changes are going in valuation profession, with remarkable transformation. There was no proper recognition for valuers in many nations. In India long back, the income tax department has given registration for valuer under different category as per Wealth tax act 1957 under Sec 34 AB. Recently, the Govt. of India has introduced 'Valuers examination under Valuers Registration Rules 2017 as per companies Act 2013 and start giving' Valuer Registration from 2018, on three asset categories, i.e. i) Land & Building ii) Plant & Machinery iii) Securities & Financial Assets, Also introduced valuation standards (IVS) for all asset class. But the implementation of 'Valuers Act' is still under process and once it is done valuation profession will be the 6th profession in India to get statue recognition with charter status. The valuation is a multidisciplinary subject of diversified nature. Hence needs proper course & specialized training process to upgrade the valuers in the profession as it also envisages, the valuers to update with latest advanced techniques in valuation on par with global standards. The standards in profession will imparts responsibility and ethical values in profession. In developed countries, the property appraisers are trained with basic degree in valuation. But in India, the basic qualification for property valuer is technical degree, with clearance of regd. valuers exam, to practice as Regd. Valuer.

New Transition Era in Valuation profession:

Due to the impact of technological advancement in valuation profession which also witnessing the changes and posing new challenges in valuation profession throughout

the world. Many countries have still no proper channel to stream line this profession, right from basic education to proper recognition with uniform global standards. The IVS standards are pivotal base to bring uniform standards in the profession & to meet global challenges and to impart benchmark changes with professional dignity & are diversified through accepted principles and methodologies with different 'Basis of value' in accordance with purpose of valuation, since valuation is needed for many purposes including 'Fiscal purpose' to meet necessary statutory requirements and for all other general purposes.

The globally accepted approaches and methodologies are being recognised & developed with necessary techniques to confront the global challenges and to meet requirement of stake holder at large with lot of responsibility on valuers. The other nations are also developing the profession in tune to meet their needs. In developed countries the availability of market data & information made available easily for professionals. But in India, it is still challenging task for valuers to ascertain required data/information in complex market situation with lack of evidences. Appraisers has to involve in thorough market survey to avail required information from various sources.

After 50 years, the new transition era has began in valuation profession and all efforts are in process to stream line the profession with uniformity.

Indian market Analysis & Challenges:

The Indian Real estate market is entirely different from other global markets. Since Indian market is volatile, uncertain and unpredicted due to many problems. The market data/information is not easily available in India, due to white & black transaction occurring in order to avoid multiple taxes, the properties are being registered for guideline value fixed by Govt., but the real market value is entirely different. There is no yardstick to measure black money component and really it is difficult task for valuers, due to lack of evidences on real market value transactions achieved in the market from time to time. However there some other means of informations, data's & tools are used to correlate nearer & comparable market value of assets by applying different market techniques through application of valuation matrix process by applying proper & appropriate weightages for different attributes associated with assets in the market. Hence average weighted 'market value' is assessed under market approach.

The identification of right property and to understand the legal rights inherited with the asset is the first & foremost duty of valuer, before marching to assessment process. The rights & interest in the real property is more important in valuation process, rather than estimating the value of mere brick & mortar. The rights & interests in the real property derives legal benefits and are to be valued as accordingly.

Need for Valuation:

The different stake holders and other statutory bodies needs to measure the real 'market value' and hence it is the duty of valuers to meet their requirements, as it is a challenging task in complex Indian market to compute the evidence based market value, rather than mere estimated market value on hypothetical basis. The advanced techniques like 'weightage score technique', Regression analysis, Residual technique under development method by applying HABU, etc. and other principles of valuation will helps the valuers to arrive at proper justified market value of the asset as on that date with proper reasoning there on.

The application of different techniques through adoption of valuation standards in proper manner in the value assessment process will definitely help the appraisers to achieve goal in arriving at the right value judgement with precise decision at right time.

Valuation is judgement of valuer:

The valuation of any asset for any purpose is like delivering judgement of its concluded value of the asset with justified facts and evidences. The consistency and transparency are vital factors in profession.

The value judgement is a professional judgement of the valuer based on the skills and expertise knowledge of the valuer. The valuation excise is inherently subjective in nature. Hence first it becomes important for any valuer to carry out due diligence, right from physical inspection, data collection, procuring information & evidences, and based on surrounding developments, study of local market, and proper market survey to arrive at justified conclusion through comprehensive approach. The object in achieving the success in profession is encompassed through skill and efficiency of the valuer.

The transparent & unbiased report produced by valuer will meet the need of relevant stakeholders, as the economic outcome hinges upon the value as contained in the report.

Conclusion:

Accordingly the concluded report should contain needed clarity with precise object of fulfilling the purpose. From reading the valuation report, it should be apparently clear that document being read does not pertain to the realm of fiction, on the contrary it has to made abundantly clear that the document and findings are based on scientific scrutiny of corroborative evidences and facts on ground. So any valuation assessment benefit factors used will potentially remain under shroud of mystery. Hence, the valuers shall think wisely, act sensibly and assess the value judicially.



Parijat Chakraborty

L&B Primary Member

(IOVRVF/M/L&B/16947)

B.Sc, M.Sc , B.Tech(Civil)



Bringing Valuation Down to Earth

Why Field Verification is the Cornerstone of Risk-Free Lending

Introduction: When Paper Isn't Enough

In the age of instant document sharing and remote work culture, property valuation in the financial sector is often reduced to a paperwork exercise. Lenders provide valuers with scanned copies of deeds, conversion certificates, tax receipts, and sanction plans, expecting a valuation report within a short turnaround. While convenient, this approach overlooks one of the most vital elements of risk assessment—the reality on the ground. Between the documented and the actual lies a gap that only field verification can bridge. This article explores why field inspection is not a supplementary task, but rather the **foundation of a safe, credible, and responsible valuation process**.

Documents Can Mislead: The Role of Ground Truth

Property valuation is not just about estimating a price tag—it is about **confirming the existence and legal security of the asset** that backs a loan. The most authentic- looking documents can often mislead. In my book “Best Practices in Property Valuation for Banks and Financial Institutions”, I have documented numerous real-life case studies that highlight the gap between what is stated on paper and what stands on site. For example, a property that appeared to be well-connected in the deed turned out to be landlocked upon inspection. Another site claimed 900 sq ft of built-up area, yet only 2 decimal land was converted for construction, as per official records. The remainder lay on non-converted agricultural land.

Such discrepancies are not isolated incidents. They are systemic and more common than most stakeholders are willing to admit—especially in areas where property development precedes legal regularization. A field visit can reveal these anomalies within minutes, while ignoring them can result in **serious financial, legal, and reputational risk for the bank.**

Understanding the Land-Structure Ratio (LSR)

Among the many parameters valuers record, Land-to-Structure Ratio (LSR) is often mentioned but rarely analyzed in depth. A mismatched or unusually high LSR should be a red flag. It might indicate unauthorized construction beyond permissible FAR limits or structures built on unconverted or disputed land. When LSR is negative or unbalanced, it must be reported clearly—possibly with disclaimers—and the bank must be alerted to the potential risk in recovering the asset in the event of a default.

Copying the LSR mechanically from past reports without understanding its implications can lead to incorrect reporting. The valuers must verify LSR not just through math, but by **matching structure footprint with converted land records and sanction drawings**, validated by actual on-ground measurements.

The Road Exists—On Paper Only

Another crucial but frequently misrepresented aspect is **property access**. Many documents state that a property is adjacent to a 20 ft wide road or corner plot. But during field visits, valuers often discover that the so-called “road” is either a narrow private lane, a water channel, or a blocked path. In one case, a retail unit claimed prime location status but was practically inaccessible due to a land dispute. In another, the road was shown in the deed but didn’t exist on the ground at all.

Only **a visit can clarify whether legal and motorable access exists**. And access directly impacts marketability and hence, the recoverability of the loan asset. Without field verification, such flawed assumptions remain hidden in reports and become ticking time bombs in the bank’s portfolio.

Construction vs. Sanction Plan: The Floor That Shouldn’t Exist

Unauthorized floors, garage conversions, extended sheds, and rooftop structures are all common deviations from sanctioned building plans. These deviations may not only **invalidate the legal standing of the construction** but can also jeopardize insurance, resale, and litigation outcomes. Field inspection reveals these realities. The sanctioned G+II might actually be G+IV; the “residential” space might be housing small-scale industrial units. Valuers need to record these differences clearly and highlight the associated risks to the lender.

In valuation assignments, valuers need to routinely photograph such deviations and include them as appendices in valuation reports to provide clear, visual evidence. **Site photographs are not decorative**—they are critical documentation tools that shield both valuers and banks from future blame.

The Power of Photographic Evidence

Photographic documentation is one of the most effective tools for field-based valuation. A carefully clicked set of photos—showing the entrance, street access, structure elevation, electrical meter, boundary wall, and neighborhood conditions—tells a story no spreadsheet or paragraph can convey.

Geotagging, timestamps, and perspective angles can help in both internal audits and legal cases. When borrowers contest auction values or banks face challenges in enforcing collateral rights, these photographs offer **visual proof of actual site conditions**, often more powerful than words or third-party affidavits.

Tech Has a Role, But Not the Whole Role

There is no denying that **technology aids modern valuation**. GIS maps, satellite imagery, land apps, and digital registry data provide valuable inputs. However, they can never fully substitute human presence. Technology can show you where a building should be; only a trained valuer can tell you if it's actually there, whether it's liveable, whether it's encroached upon, or if it is affected by a slum boundary or local protest.

Valuation is a judgment, not a computation. And judgment demands observation, intuition, and experience—qualities that no remote API can simulate.

Regulatory Mandates and Ethical Responsibility

Both the **Reserve Bank of India (RBI)** and most PSU banks mandate physical site inspection before a property can be mortgaged. Field verification is not optional—it is a compliance necessity. Yet, it is often the first thing skipped in high-pressure environments. When third-party valuers are hired on a tight budget, field visits are reduced to Google Street View exercises.

This is not only bad practice—it is dangerous. We urge banks and NBFCs to demand field verification reports with photographic logs, LSR confirmation, access validation, and structure-sanction plan matching. It is the lender's responsibility to ensure their asset is **not only priced right but risk-free**.

Ethics Over Expediency

Valuers are often caught between client expectations and professional ethics. Some borrowers or builders may pressurize valuers to “keep the report clean,” overlook deviations, or accept oral access claims. But true professionalism lies in resisting this. The valuer’s role is not to favor any party but to **stand as the honest voice in the lending chain**, guided by evidence and best practices.

When discrepancies arise, valuers must record them and, if needed, refuse to assign a valuation until clarity emerges. This may appear as a commercial loss, but it is a reputational gain—and an ethical victory.

Conclusion: Ground Truth is the Only Truth

The crux of property valuation is simple: **If you haven’t seen it, don’t value it.** A building must be visited, walked around, observed, measured, and photographed before it can be accurately appraised. No document, however official, can replace field evidence. In a world rushing towards digital shortcuts, we must remember that the building stands on soil, not software.

Banks and valuers must come together to **reassert the primacy of site inspection.** If lending institutions want to reduce NPAs and enhance portfolio quality, the journey starts not with algorithms but with boots on the ground. In valuation, what you see is what you secure.





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Capital Gain Valuation for an Immovable Property–Suggested Tips for Registered Valuer

What is Capital Gain Valuation?

Capital Gain Valuation is the process of determining the “fair market value (FMV)” of a property to calculate the capital gain tax payable when it is sold or transferred.

When you sell land or building, the capital gain valuation determines how much profit (capital gain) you’ve made — and how much capital gains tax you owe. It helps to determine how much profit (gain) is taxable under the Income Tax Act, 1961, after accounting for the cost of acquisition, improvements, and indexed inflation adjustments.

Eligibility of Valuer

A Registered Valuer under Section 34AB of the Wealth Tax Act, 1957 or IBBI-Registered Valuer (as per Companies (Registered Valuers and Valuation) Rules, 2017), under Category Land and Building is authorized to give valuation for Capital Gain purposes.

Important Terms

Cost of Acquisition

- Original purchase price of the property.
- Includes purchase cost, registration fees, stamp duty, brokerage, etc.
- If purchased before 1 April 2001, you may take the Fair Market Value (FMV) as on 1 April 2001.

Cost of improvements

All capital expenditure incurred in making any additions or alterations to the capital asset by the assesses (or the previous owner, in some cases) after it became the property of the assesses.”

In case of Property purchased before 1 April 2001, then Only improvements after 1 April 2001 are considered and if Property purchased on or after 1 April 2001, All improvements after purchase date are considered.

So — if your land/building was bought before 1 Apr 2001, any earlier work (before 1 Apr 2001) is ignored for capital gain purposes.

Types of Capital Gain

Short-Term Capital Gain (STCG) – Property Held $\leq$ 24 months

Long-Term Capital Gain (LTCG) – Property Held $>$ 24 months

Indexation of Cost of Acquisition/Improvement

For long-term capital gains, both the cost of acquisition and the cost of improvement are indexed for inflation as and when required.

Formula:

$$\text{Indexed Cost of Improvement} = \text{Cost of Improvement} \times \frac{\text{CII of Year of Sale}}{\text{CII of Year of Improvement}}$$

where **CII = Cost Inflation Index** notified by the CBDT.

Example:

- Cost of improvement done in FY 2012–13 = ₹5,00,000/-
- CII (2012–13) = 200
- CII (2023–24) = 348

$$\text{Indexed Cost of Improvement} = \frac{5,00,000 \times 348}{200} = ₹8,70,000/-$$

Relevant Sections for Capital Gain assessment (Income Tax Act, 1961)

Section	Purpose
45	Chargeability of Capital Gains
48	Computation Method
49	Cost with reference to certain modes of acquisition
50C	Special provision for land/building – use of Stamp Duty Value
55(2)(b)	FMV substitution for properties before 1 April 2001
54 / 54F / 54EC	Exemption for reinvestment in residential property or bonds

Recent Amendment which may affect the Capital Gain assessment

Feature	Earlier (pre-23 July 2024)	New (applies from 23 July 2024)
Holding period for being a Long-Term Capital Asset (LTCA)	For immovable property (land, building), > 24 months (i.e. 2 years)	Still > 24 months (i.e. 2 years) for land/building remains the benchmark for LTCG status
Tax rate for Long-Term Capital Gains (LTCG)	20% (plus applicable cess & surcharge) with indexation benefit	12.5% without indexation benefit for transfers on or after 23 July 2024
Indexation / inflation adjustment	Cost of acquisition/improvement was adjusted via Cost Inflation Index (CII) to reduce gain burden	Indexation benefit removed generally, when using 12.5% route
Optional alternate (grandfathering) for property acquired before 23 July 2024	N/A	For properties acquired before 23 July 2024, resident individuals / HUFs may elect to follow the old 20% + indexation route instead of 12.5% without indexation. (This gives flexibility to choose whichever is more favourable) Reuters+4EY+4Arthgyaan+4
Short-Term Capital Gains (STCG)	Taxed as per slab rate (for property / non-securities assets)	Remains taxed as per individual's slab rate if held ≤ 24 months (no change specifically for property)
Sale consideration vs stamp duty / circle rate (u/s 50C etc.)	If sale price < circle rate / stamp duty value, the circle rate could be taken as deemed sale value	That provision continues; the special valuation rules (Section 50C etc.) still interact with the new regime
Applicability for non-residents / NRIs	LTCG on property for NRIs taxed at 20% + indexation (for property held long term)	Applies similarly — 12.5% without indexation for transfers after 23 July 2024. EY+3Dinesh Aarjav & Associates+3CAclubindia+3
Reinvestment exemptions (e.g. Section 54, 54F, 54EC, etc.)	Available under older rules (subject to fulfilment of conditions)	These exemption sections continue to exist (subject to applicable rules) — the change is in the tax rate and indexation rules, not in all exemption provisions

Step to be Followed for Valuation of an immovable property as on 01/04/2001

1. Details of proposed engagement letter-

- a. Scope of work –01/04/2001,
- b. Declaration include property owner name, size of the land and building construction area as on 01/04/2001,

Note : Declaration statement should be in term of affidavit/Notarised

2. List of documents required-

- a. Title deed / sale deed copy which may proof the owner ship as on 01/04/2001.
- b. Previous purchase deed
- c. Approved building plan
- d. Municipal or survey records
- e. Old Photographs of the property if available
- f. Google coordinates.
- g. Documents confirming that Building existence in 2001 – (Electric bill, Holding Tax, Municipal tax receipt etc)

3. Valuation of Land

Points to keep in mind while calculating the market value of the land as on 01/04/2001.

As per Section 55 sub-clause (ii) of clause (b) of sub-section (2) (Finance Act, 2020, with effect from 01-4-2021) of fair market value under Section after sub-clause (ii) of clause (b) of sub-section (2) of section 55 by the Finance Act, 2020, with effect from 01-4-2021,

“Provided that in case of a capital asset referred to in sub-clauses (i) and (ii), being land or building or both, the fair market value of such asset on the 1st day of April 2001 for the purposes of the said sub-clauses **shall not exceed the stamp duty value, wherever available, of such asset as on the 1st day of April, 2001.**

Explanation. —For the purposes of this proviso, "stamp duty value" means the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property;”

Hence it is suggested to Keep Land Value as on 01/04/2001 in line with the Stamp Duty Value/Circle rate Value.

4. Valuation of Building existing as on 01/04/2001

It is recommended that the valuer always confirm the built up area of the building from the following documents-

- a. Approved drawing applicable on or before 01/04/2001.
- b. Area mention in Municipal tax receipt or Holding tax receipt or occupancy certificate or google history any govt issued documents confirming the Built-up area of the building.
- c. In absence of above documents, take Built up area declaration/affidavit from client, attested by local Notary and attached this declaration/affidavit in the final report. Based on this area you can proceed for building valuation.

5. Cost of construction as of 01/04/2001 for valuation of building

While calculating the replacement cost of the Building, the cost of construction should be referred from Plinth Area Rate (PAR) -1992 (CPWD) as base 100 followed by 1992 PAR cost must be be projected to 2001 based on the Cost Indices of different location. These indices published by CPWD PAR 01.01.1992 as 100 up to the year 2007 for different city.

6. Extra cost of services

The extra percentage to be added in building cost for services like strong Foundation, extra ceiling height, Water supply, Electrical and sanitary installation, boundary wall, power wiring, overhead water tank, lift etc according to Plinth Area Rate (PAR) -1992 (CPWD).

Conclusion

Valuation of Property in past (01/04/2001) should be backed up with-

- The evidence of legal ownership of asset in 2001
- Proof of existence of tangible asset in 2001 and
- Value of land and building must not exceed the **stamp duty value**.



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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: <i>"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."</i>
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."





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BE CIVIL

Valuation Of Immovable Property For Mortgage

Land and buildings are real wealth of the nation because they are the primary assets which are instrumental in generation of nation's wealth.

Without financial support of financial institutions, a nation cannot create wealth and do real progress. Collapse of major financial support means collapse of NATION'S Economy.

Abstract:

In the realm of secured lending, property valuation serves as a foundational element in risk assessment and loan sanctioning. Accurate and professional valuation not only safeguards financial institutions from overexposure but also instills borrower confidence and regulatory compliance.

This article presents a comprehensive overview of the valuation process for mortgage purposes, covering principles, methodologies, influencing factors and challenges. The aim is to provide valuation professionals, bankers, regulators, and academics with a consolidated reference to enhance valuation practices and promote informed decision-making in mortgage lending.

Introduction:

It is customary to advance finance for development by accepting real property of the borrower as security. Real property is one of the most preferred forms of collateral in the financial system. As immovable property is taken as security against the loan advances, it is very important for the money lending institution to know real market

worth of the security pledged for mortgage, at the time of loan advances. Real issue in mortgage against security is therefore valuation of property offered as mortgaged to Bank. We can also say that one of the prime factor for consideration for loan advances to the borrower, would be the intrinsic market value of the security. Valuation, in this context, is not a mere numerical exercise but a crucial component of credit risk management, regulatory compliance, and financial prudence.

The mortgage valuation process aims to establish the fair market value of a property as of a specific date to determine the appropriate loan-to-value ratio and protect the lender's interest. An incorrect or biased valuation can lead to under-lending, over-lending, or increased non-performing assets, severely impacting institutional balance sheets.

Valuers could help financial institutions by giving fair idea of real worth of the property in the market at the relevant period of time.

Valuation process:

To have a value of any property it must have four basic qualities

- Utility
- Scarcity
- Demand
- Transferability

If property has no use or no utility, no one will want it and hence there will be no demand and no value for such property.

Next quality required for value is that the property has to be scarce in supply. The properties which are available in limited quantity and are not in abundance command high value.

Similarly transferability is essential quality to have value. If ownership of property is not transferable, no Bank would advance any loan to the borrower against non-transferable security. The ownership and possession of the property can be transferred by way of sale, gift, lease, mortgage, will etc. and hence it has a value.

There are innumerable factors which affects the value of the Immovable property in the open market. Increase in F.S.I. can increase value of the land. Increased demand and higher paying capacity of residents would increase value of property. Increased money supply in the market could also increase value of properties in the market. On the other hand construction of fly-over or mono rail in front of the building would reduce the value of property. Bad planning of rooms inside the flat will also reduce the value. Flats on main road would fetch higher price than flats in the by-lane. Properties with clear view fetch higher values. Flats in new building built under Slum Redevelopment Scheme would fetch lower rate. There are endless aspects affecting the value. Broadly all these factors could be classified into following four groups.

- Economic Aspects: Demand and Scarcity, Money supply, Yield rate, Availability of money and credit, and interest rate levels..
- Legal Aspects: Rent Act, Development Rules, Possession, Ownership, Regulation of industries, Environmental protection laws, Zoning and land-use regulation
- Technical Aspects: Type of construction, age, amenities, planning & design.
- Social Aspects: Proximity of civic amenities, School, Garden, Market, Life-style and Living standards, Population growth.

If there is less demand of flats or bungalows in the market, value of flats or bungalows will fall. This has happened in America after collapse of economy in 2008. There were no buyers for the properties of borrowers even at 50% discount in the Public Auction. Demand & Supply is a very powerful market force.

Value changes with legal rights held by the owner in a property. Changes in holding pattern in the property will change the value of the property. A plot may have a value of 50 Lacs when it is freehold, i.e. 100 % rights are held by the owner. However, as soon as said owner leases the plot to lessee on agreed ground rent, value of his ownership rights will get reduced to say 45 Lacs.

Under Transfer of Property Act, owner holds following rights.

- Right to use and enjoy the property permanently.
- Right to Rent, Lease, transfer or Assign the property.
- Right to possession and occupation.
- Right to alienate or destroy the property. (Building can be destroyed)
- Right to Gift or Will or create life interest for anyone.
- Right to develop or permit development of property.

All these rights are called bundle of rights. If owner retains some rights and parts with some other rights, value of property changes.

Renting out the premises to tenant is giving away part of the right viz. occupancy right but continue holding ownership right in the property. Value changes with changes in technical aspects. It is well known that flat with superior specification and amenities fetches higher value in the market as compared to the price of flat having inferior specification and poor amenities. Even planning of rooms inside the flat and outside aesthetics of building also changes value of the property. Value changes due to social aspects. Price of flat in the posh locality is higher than the rate of flat in the middle class locality. If civic amenities are available close by, the value of the property goes up.

Bankers must understand some Valuation Terminology. 'Cost' is not same as 'Value'. Market value is not same as Forced sale value. Similarly Special Value, Prestige value, Potential Value, Sentimental Value, all carry different meaning and each one has different values in the real estate market.

Bankers must also know what the definition of word “Market Value” is. International Valuation Standard Council (IVSC) have defined **“Market Value” in following words. “Market value is estimated amount for which an asset ought to exchange on the date of valuation, between a willing buyer and a willing seller, in an arm’s length transaction after proper marketing, where in the parties had each acted knowledgeably, prudently and without compulsion”.**

This is an excellent definition of ‘value’ and valuer must consider all these aspects stated in the definition, while estimating value.

Different Approaches Of Valuation

There are three approaches available to value the immovable property.

- Income Approach: Rental Method, Profit Method, Discounted Cash flow Technique.
- Cost Approach: Land and Building Method.
- Market Approach: Sale Comparison Method, Development Method.

Depending upon the facts and circumstances in each case, the valuer adopts most appropriate method of valuation. Adoption of improper method, would lead to an incorrect valuation of the property.

Normally rented premises are valued by Rental Method.

Bungalows and factories are valued by Land and Building Method.

Flats, owner occupied commercial establishments are valued by Sale Comparison Method.

However, the distinctions between these three methods are not rigid, and overlaps do exist. Values can be worked out by other methods also in certain case. For examples, a palatial bungalow in a small village will have to be valued by rental method instead of Land and building method.

Factors influencing Valuation of Property

Numerous intrinsic and extrinsic factors influence the value of property which include:

- Location and Zoning: Connectivity, Centrality, Permitted use.
- Site Characteristics: Shape, Size, Area, Frontage.
- Construction Quality: Specifications, Material used, Age, Maintenance
- Legal Status: Clear title, Encumbrances, Litigation
- Economic Conditions: Inflation, Interest rates, Real estate cycle
- Infrastructure and Amenities: Access to roads, Utilities, Markets, Public transport
- Regulatory Restrictions: FAR/FSI limitations, Master plans, Heritage norms

Challenges and Risks in Mortgage Valuation

Despite its importance, the mortgage valuation process is fraught with challenges, including issues of Data reliability, Methodological divergences.

Uncertainties associated with economic and policy shifts.

Discrepancies in legal titles,

Pressure from borrowers or lenders to inflate or deflate valuations.

Informal property markets with poor regulatory coverage.

Valuers must navigate these complexities while maintaining independence, neutrality, and adherence to professional ethics. The credibility of the mortgage valuation process rests not only on technical competence but also on the valuer's ability to exercise sound judgment free from external influence or bias. Independence ensures that valuations are not swayed by the interests of lenders, borrowers, or market participants; neutrality safeguards the objectivity of reported values; and professional ethics anchor the entire process within a framework of accountability and public trust. In this sense, the valuer functions as both a technical expert and a custodian of integrity in the financial system.

Practices for Mortgage Valuation

To maintain credibility and quality in valuation assignments, professionals should:

Maintain independence and confidentiality

Refrain from value manipulation under any influence

Keep updated with legal changes, market trends, and technical standards

Engage in continuous professional development.

Adhering to these practices contributes to the credibility of both the valuation report and the institution relying upon it.

Having learnt most of the basic valuation principles, the banker should never forget most important fundamental principle that what is valued is right of the borrower in the security offered for mortgage. **If there are no rights, there is no value of the property.**

Many valuers are fond of valuing property by averaging out values arrived at by two different methods. Prima facie this may appear to be safe and acceptable as a compromise formula, however, temptation to arrive at an average value should always be scrupulously or strictly avoided because in reality, average never exists.

The mere averaging of two results obtained by quite different base of approach can hardly be said to represent any logical approach.

Bankers also sometimes do this. They average value estimated by two different valuers and adopt the average value as the market value of the security. This is dangerous. This may or may not work.

It is invariably noticed that valuers blindly adopt land values stated in the Ready Reckoner or guide lines tables of stamp authorities, for determining market value of the land. This approach is not only incorrect but very risky. Values stated in Ready Reckoner are average values for whole locality. Land values in locality can be higher or lower than this average rate. It is absurd to think and accept that land values for all types of land in a locality will be uniform. Values are bound to change depending upon characteristics possessed by each piece of land. To adopt figures prepared in valuation guide lines would be dangerous, because they offer no guarantee of truth or correctness of data, not being susceptible to check or verification by a judicial or quasi-judicial process of evaluation of evidence.

A person or institute who uses valuation report of a valuer is many times faced with situation where price of same property, for same date, are estimated at different figures by two valuers. This difference normally should not vary more than 15% to 20%. But we find that in some cases this difference is as high as 100% to 500%. Reasons for this wide difference could be many. Valuers might not have visited the property or they have not done market inquiry or they have not examined all relevant documents of the property. The reason could also be that different methods of valuation are adopted by two valuers and one of the two valuers might have adopted wrong method of valuation. Courts also considered 15% variation as honest difference of opinions between two valuers.

Bankers, could take some precautionary measures as detailed below which may perhaps help them in reducing Bank's NPA. (Non-Performing Assets).

- Bank should take legal opinion on clear title and ownership rights of borrower at initial stage before processing loan application. Borrower's rights in the property must be saleable in the open market. If there are no rights, there is no value.
- Bankers should ask valuer to report two values. Fair market value and Forced sale value. Banker should realize that value of property as on today may not remain same in future when borrower becomes defaulter. Indian economy is not that stable that any valuer or even an expert economist could forecast values after five years. Adequate safety margin (Margin money) should be therefore kept on reported value. When property becomes NPA, fresh report should be obtained from the valuer, before onetime settlement or public auction.
- Never advance loan unless Bank's officer has physically inspected the property offered as security.
- Bankers should resist temptation of pressurizing valuers, for giving favourable report of expected or predetermined values.
- In case of large loan advances say above five crores, Banks should take independent opinion, on property value, from two expert valuers.
- Bankers should not give instructions to valuer on telephone but written instruction is necessary in every case. Valuer should be paid appropriate fees for the valuation work.

- Do not ask valuer of real property to value plant and machinery. Similarly do not ask valuer of plant and machinery to value land and building.
- Give sufficient time say 2 to 3 days to the valuer to submit Valuation Report so that he can scrutinise documents, inspect site and make sufficient market inquiry.
- Appoint only experienced and competent valuers to value the property. All Architects and all Engineers are not valuers. Similarly all retired government engineers are not necessarily expert in valuation. For major valuation assignments, valuation practice of the valuer for a minimum period of 10 years is must. It is better if Banks evolve a system of maintaining separate Panel of senior Valuers on the basis of their past performance with the Bank.
- Property of borrower should be got valued every two years.
- In case of borrower owning running industrial unit, value of his asset as 'Going Concern' i.e. value for "Continued use" should be obtained. Value of such a property as exchange value or its breakup value or its value for alternative use or its value for Highest and Best use should not be considered for advancing loan to running units.
- Reading only concluding para of the Valuer's Report is not sufficient for the Banker. Banker should go through whole report of the valuer including identification statement of the property, assumptions made by the valuer and the methodology adopted by the valuer in estimating market value. Checking and comparing information gathered by Bank's officers with details in valuer's report would minimize fraud cases.
- Banks should organize a continuing education programme every three years for their Panel Valuers.
- Bankers should tell borrowers that Bank would advance loan amount equivalent to minimum price that the property would fetch in the open market less 50%. Bankers having some basic knowledge of asset Valuation can certainly administer the loan advance in much better manner.

Conclusion:

Valuation of properties for mortgage purposes is a critical function that directly influences lending decisions, financial stability, and institutional risk management. With increasing market complexity and regulatory scrutiny, the role of the valuer extends beyond numerical estimation—it encompasses diligence, judgment, ethics, and a deep understanding of real estate and financial systems.

To meet the growing expectations of lenders, regulators, and stakeholders, valuation professionals must evolve with the times—adopting technology, enhancing transparency, and reinforcing professional integrity. Only then can valuation serve its intended purpose as the bedrock of secure and sustainable mortgage lending.



Important Updates





भारतीय विवाला और शोधन अधिनियम बोर्ड
Insolvency and Bankruptcy Board of India



Institution of Valuers
ISO 9001:2015 | ISO 26000:2010



DISTINGUISHED PANELISTS



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**Dr. Goutam
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**Dr. Vinay K.
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**Dr. R. K.
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**Mr. Devendra
Arun Patekar**



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MVDS**



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A Networking Dinner Meet *with* IOVSC Officials was held *on* 27th October 2025 *at* The Park, New Delhi, where representatives *from* over 10 countries came together *to* celebrate and collaborate *for* the advancement of the Valuation Profession *on* a global front.



Institution of Valuers
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The **Institution of Valuers (IOV)** proudly participated as the **Knowledge Partner** at the **National Conference** organized by **Swadeshi Shodh Sansthan** on 9th November 2025 in New Delhi.

Dr. Vinay K. Goel, Hon. Gen Secretary, IOV, shared his insightful views during the session on **"The Role of Valuation in Bharat's Progress and Economic Resilience,"** highlighting how valuation contributes to fostering sustainable growth, financial stability, and a truly self-reliant Bharat.

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Snapshot of Activites (Nov- 2024 to Oct- 2025)

MEMBERS ATTENDED MEP 50 hours training (Asset Class Wise)				
Particulars	L&B	P&M	SorFa	Total
Batch	24	11	6	41
Students	553	81	41	675

CEPs							
Nov- 24	1	Dec- 24	2	Jan- 25	11	Feb- 25	11
Mar- 25	14	Apr- 25	6	May-25	5	Jun-25	14
Aug-25	3	Sep-25	26	July-25	15	Oct -25	9
Grand Total 117							

RVO's	L&B	P&M	SFA	Grand Total
IOV Registered Valuers Foundation	1751	272	198	2221
ICAI Registered Valuers Organisation	3	1	1194	1198
PVAI Valuation Professional Organisation	325	60	139	524
ICMAI Registered Valuers Organisation	70	34	326	430
IIV India Registered Valuers Foundation	212	51	58	321
ICSI Registered Valuers Organisation	-	-	256	256
CVSRTA Registered Valuers Association	193	58	-	251
Divya Jyoti Foundation	132	22	76	230
CEV Integral Appraisers Foundation	167	47	3	217
Assessors and Registered Valuers foundation	112	31	54	197
RVO Estate Managers and Appraisers Foundation	101	18	13	132
International Business Valuers Association	6	2	24	32
Nandadeep Valuers Foundation	8	-	1	9
All India Valuers Association	2	-	-	2
Grand Total	3,082	596	2,342	6,020





A snapshot of Diwali Celebration



Behind every success is a team that believes,
collaborates, and celebrates together.



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Life Time Achievement Award to Shri Vinod Abbey, Independent Director, IOVRVF

by NDMA and H S G, for Services in
Development of HydroPower on 8th Oct. 2025 in Nanital.



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