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# The Evolution of Property Valuation in India: A Focus on Kerala

### Introduction

Property Valuation in India has undergone significant changes over the years, particularly in Kerala. The process, which began with retired government officials like Tahsildars and PWD Engineers providing one-page reports for loan approvals, has evolved into a more complex and regulated system.

### The Nineties: Simplicity and Low Fees

In the 1990s, property valuation was a straightforward affair. Retired government officials, such as Tahsildars and PWD Engineers, were the primary valuers. They provided concise, one-page reports to banks for loan approvals upon mortgaging a property. The fees for these valuations were minimal, and the valuers, often pensioners, were content with the modest income. Then came the effect of Liberalisation, Affordable Housing Loan etc, which catapulted the profession's growth.

### The Early 2000s: Opening Up to Engineers

As the real estate market grew, banks began to accept valuations from any engineer, regardless of their experience. This period saw a shift from specialized government officials to a broader pool of professionals. However, the quality and consistency of valuations varied significantly. Reports became three to six or more pages and with photographs of the property.

### **The Rise of Regulatory Requirements**

In response to the growing complexity of the real estate market, banks started requiring valuations to be done by those registered with the Income Tax Department. This added a layer of scrutiny and accountability to the process. The introduction of the Insolvency and Bankruptcy Board of India (IBBI) registration further tightened the standards, requiring Valuers to have experience with nationalized banks and adhere to stringent guidelines.

### **The Modern Era: Professionalism and High Fees**

From 2000 to 2020, property valuation fees increased significantly, thanks to the Fees Tariff published by the Income Tax Department. Nationalised Banks also followed the Tariff up to a certain limit. The Valuation practice became more professional, with young family breadwinners entering the field. Valuation reports grew from one page to over ten or twenty pages, reflecting the increased complexity and detail required. Despite the higher fees, banks began adding more responsibilities to valuers while simultaneously reducing existing fees, creating a challenging environment for professionals. Now because the supply of Valuers is more than the demand in the market, Banks started negotiating and reducing Valuation Fees.

Many Nationalised Banks and some Private Banks are least interested to pay even the reduced Fees backed by many funny excuses like “That Bank Manager was transferred and I don’t know the File details”, “You are only one among a million Valuers”, “Will check and let you know” etc. Bad Debts are everywhere, profession or business, but the intricate regulatory mechanism evolved should also ensure the Valuation Fees are paid promptly and regularly.

### **Current Trends: Comprehensive Reports and Field Visits**

Today, property valuation in Kerala involves comprehensive reports that include detailed field visits, even to locations beyond 50 kilometres for meagre fees. Now many Banks have developed online platforms to submit Reports. Digital signature is also gaining recognition. All these developments added stress to the Valuer community when Tariff showed a tendency of downward trend. Now Valuers must navigate a complex landscape of regulatory requirements, market trends, and client expectations.

### **Conclusion**

The evolution of property valuation in India, particularly in Kerala, highlights the industry's shift from simplicity to complexity. The increased regulatory requirements and professionalism have raised the standards of Property Valuation, ensuring more accurate and reliable assessments. However, the challenge remains to balance the growing responsibilities with fair compensation for Valuers.