

About The Author –

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53 years varied experience in Civil, electrical & mechanical engg. Field in large industrial organization special prize in safety awareness while in service at SM Dyechem site, M.I.D.C. Pune from toyo engineers India ltd. Special certificate by G.M NTPC and manager BHEL for timely execution of the job & exceeding of erection targets

“CHALLENGES FOR PROFESSIONAL VALUERS” AND HOW TO DEAL WITH THE CHALLENGES/ SOLUTIONS

“Valuers are an arm of the judiciary, as the judiciary depends on them for valuation of property.” said Mr. A. K. Ganguly “Hon’ble Chief Justice of the Chennai High Court on inaugurating a two days seminar organized by the Institution of Valuers on October 17-18,2008.

“Valuers play a crucial role in activities including sale, purchase, mortgage of land and building, creation of trust for charitable purpose; constitution, dissolution of partnership firms, dissolution, amalgamation of companies; obtaining succession certificates, will, probate, partition, gifts; furnishing security to the court of law by and assessing loss of fixed assets”, this was remarked by Hon’ble S. J. Mukhopadhyaya, in one of the seminar T Nagar Chennai.

Challenges faced by professional valuers: -

Valuation stake holders often seek sympathy & human consideration from professional valuers as they too, are first human being then valuers which come in conflict with duties, moralities, ethics & responsibilities of a valuer.

Sometimes not getting full cooperation in getting data, documents, approved plans etc. from stake holders are also challenges which is required to be handled carefully with peace of mind & maturity by a professional valuer.

Quality of professional valuer: -

The Valuer requires a combination of a number of professional qualities and capabilities, and needs a thorough knowledge and understanding of the interacting influences which create, maintain or diminish the value of property.

Valuer’s skill is to determine values for purchase or sale, and insurance purposes. Valuers should be well qualified to undertake valuation in all classes of properties, including Residential, Industrial, and Commercial, Agricultural, Intangible assets and special use properties / assets.

But it is the matter of surprise that most of nationalized & private banks are taking services from non-graduates and in-experienced valuers. Which has already resulted a staggering figure 13,00,000 Crore as reported by Times of India on 10th October, 2016.

There is not any education and training institute that ensures professionalism, ethics and transparency in the isolated valuation processes. Various countries in the world have separate agencies headed by a Chief Valuer possessing academic qualification coupled with experience in Valuation to undertake valuation for various Fiscal and Non – Fiscal purpose. The similar process should be adopted by all state bodies/organization or by Central Governments authorities requiring services connected with the valuation. At the same time the State bodies should also ensure setting up of valuation institute. In India there are only Three institute /university conducting MVAL course in different categories of valuation fields. It requires many more such institutes.

The valuation services tendered by such trained Valuers will lead to minimize creation & accumulation of Non-Performing Assets in the Nationalized & other Cooperative Banks and will help in avoiding losses to Govt. in matters like disposal or leasing of public properties & payment of compensation in land acquisition etc. acquired by the authorities for public purpose.

SELECTION OF VALUER

1. Valuation work demands a professional skill. A valuer should have a strong sense of integrity. The Financial Institute/ Bank who appoints valuer should make available all necessary documents. A professional should be able to identify the exact type of approved maps, registration of the property documents, search report by Advocate/ Solicitor and those documents which will be useful for determining market & realizable value of the property/assets.
2. First of all, it should be very clear about the purpose for which valuation is called for, should be known to the professional valuer.
3. Legal responsibility that valuers have to take up for providing the correctness of the valuations, the valuer has to be expert & should have the necessary background, experience and qualifications in the concerned field for which he is appointed.
4. The valuer should be a recognized member of the Institution of valuers and Government Registered Valuer or the Royal Institute of Chartered Surveyors.
5. Professional valuer should be a registered valuer under 34, AB of Wealth Tax Act. 1957.
6. The proposed valuer should be familiar with the bank/government authority to which valuation report will be submitted. Full address of the authorities should be noted down properly by the concerned professional.
7. The professional valuer should be fully aware of scope of his work being assigned to him.

VALUERS OBLIGATIONS AND RESPONSIBILITIES

In meeting this obligation, the valuer may consider his clients instructions and/or may obtain legal or other professional advice, but the valuer's obligation to determine and describe the opposite (Well expressed/appropriate) value or estimated cost is the valuer's sole responsibility. Also, it is his obligation, in this connection, fully to explain and describe what is meant by the particular value or cost estimate which he has determined, in order to obviate misunderstanding and to prevent unwitting or deliberate misapplication.

Valuer's Obligation to Determine Numerical Results with Whatever Degree of Accuracy which the Particular purposes of the Valuation Necessitates.

1. To Avoid Giving a False Numerical Result

The professional valuer has very obligation to avoid giving a false figure

2. To his client

The valuer's primary obligation to his client is to reach complete, accurate, and pertinent conclusions and numerical result regardless of the client's wishes or instruction in this regard.

3. Relative to Evidence before any competent authority

When a valuer is engaged by one of the parties in a controversy, it is unethical for the valuer to suppress any facts or data.

4. To Avoid giving Competent Service other than your own field

It is not proper for a valuer to accept an engagement to make a valuation of assets a type for which he is not qualified to value or in a field outside his membership classification

5. Relative to Serving More Than One Client in the Same Matter

The valuer should avoid giving service to the same party except with the consent of other parties involved in the same matter.

6. Ethical Practice & Competency

Valuer must also recognize, understand, and abide by those ethical principles that are interconnected with profession and are an essential part of truly professional practice with head held high.

7. Joint Responsibility by Valuers (If prepared by More Than One Person)

8. To implement these principals, it is unethical

it is unethical TO AVOID dissenting opinions given by the second valuer, it must be recorded.

9. Explain the valuation method used in the valuation report

The method of valuation adopted in the report must be explained to the party and the reason thereof.

10. Agreements Contracts for Valuation jobs

It is always preferable to have a written agreement or contracts with the client/customer, covering the objective & the scope of work and period of delivery of reports. It must contain amount of professional fees agreed & advance taken and also mode of payment. It should be clearly spelt

11. Must Act with as a professional Character

The role of Valuer's is itself a professional activity. A professional has acquired high degree of intelligence and considerable maturity with efforts to acquire it and to become adept(skillful) in its application in valuation field.

12. Must maintain the confidential of Character valuation of Assignment

It is improper for the valuer to disclose the fact of his engagement, unless the client approves of the disclosure or clearly has no interest in keeping the fact of the assignment confidential, or unless the valuer is required by due process of law to disclose the fact of his engagement to authority government agency of court.

13. Broaden quality of service through Rationalization & Self examination

Valuer must broaden the base of the quality of their services with skills standards and values and build the pyramid of excellence, the summit of which is unmatched by that of any other profession.

14. Multidimensional Role of a professional valuers

Professional valuers Responsibility & Accountability of the valuers have increased several times under economic pressures. Globalization has redefined the performance of the valuers.

A valuer must be mentally prepared to face any type of challenges, if he wants to thrive in his profession. The opinion given by him, should be supported by documents, as it is of evidence value. Whatever be the purpose of your valuation maintain high degree of integrity & fairness. There must be judicious approach in valuing it correctly, taking into consideration the prevailing conditions.

HOW TO IMPROVE QUALITY OF VALUER

The up gradation of knowledge is most essential work in a life of valuer. This can be achieved by:

1. Data collection: -

It is practically impossible to value any asset without sale references. Therefore, collection of data of comparable assets in all respect & credible is a must for a valuer.

2. Regular search: -

A professional valuer should always search data regularly with sub register office or office of the municipality where was the mortgage of the property is made. Regular search of data should be their habit for their survival in the field.

3. Map Reading: -

In the cases of NPA, sometimes it is difficult to locate the property. Even bank officials or previous valuer is not in a position to locate. The remedial measure is keeping a habit of locating a property in city survey maps or development plans. Also make a sketch plan of property under reference showing important locations in the vicinity.

4. Short Data: -

In short data collection includes maps, plans, sale instances which give correct item about market potential. There are very few valuers who are using maps and or plans, on account of which they are able to give justices to the value because they are able to assess, potential present value and future value because of knowledge of future like acquisitions, reservations, road widening etc.

5. Attending seminar & workshop: -

This is place where you can meet, speak and exchange the views with others. It will give boost to your knowledge. For an experienced valuer also, it is very helpful.

6. Talking to experts & fellow valuers: -

Key to success lies in talking, discussing & listening to experts & fellow valuers on different topic as and when need arises. Seminar is one occasion where one can achieve this goal. Sometimes it is worthwhile discuss the items/case with the junior valuers. They are also knowledgeable.

7. Reading books of various authors: -

Valuation is a developing field & valuation got is limitation also in India. In India we have got good quality of books authored by Dr. Roshan Namavati, Dr. Ashok Nain, D. N. Benerjee & R. K. Gandhi & many more. All these authors are authority on the subject and all these bookswritten by them are worth reading. One can gain knowledge by reading these books.

8. Study of Case laws & sale instances: -

Dr. Namavati had consistently insisted One and All for circulation of case laws. As a slab cannot survive without columns, similarly no case can survive in case of court of law without a case laws or credible sale instance. Dr. Namavati had given number of case laws in his books **Theory& Practice of Valuation**.

9. Facing the cross examination: -

To make a professional valuer bold methodical & expert, one has to learn to depend his own case by cross examination of your own valuation report. It removes all doubts and mistakes made by the valuer himself. It also does fine mental tuning. This way the valuer becomes more professional & expert.

10. Reading Indian Valuers: -

IOV New Delhi has given a golden gift to all valuers is respective of their position a journal of “Monthly Indian valuer” which is valuable asset for all valuers. One should always go to these articles & update the knowledge.

I request to all the professional valuers to meet the challenges of daily life and enhance your knowledge, disseminate information, share your experiences by attending our regular meeting & seminars.

“Small minds discuss people Average
minds discuss eventsGreat minds discuss
ideas.” **THANKS.**

REFERENCES: -

Indian valuers from 2000 to 2020 of all great authors and other journals.Code & ethics to the valuers.
And from seminars of valuations of IOV.