



Study on Valuation of Agricultural Land & Resort- Case Study of Mango Farm, Nashik (M.S)”

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Abstract: Valuation is the process of determining the fair market value of the property such as residential, commercial, industrial and agricultural land. Value is determined on the basis of its selling price and rent or income it can fetch. Value of the property depends on the circumstances of the cases such as structure, age, maintenance, location, etc. Valuation is carried out basically for financial activities on the economy i.e. investment, buying, selling, loan and mortgage etc. This Study deals with the valuation of agricultural land with farmhouse and resort project. By collecting the data about study area which is farm with farmhouse in Pimplad village in Nasik district of Maharashtra and the resort named ‘Mango Farm’ situated at Igatpuri in Nasik district. Market value of the study area is calculated by considering present circumstances. Land and building method is adopted for the valuation of resort. The purpose of the study is to compare the market values of resort and agricultural land with farmhouse and to show the variation. The valuation is done by considering various aspects and under guidance of many valuers.

Index term: Market Value, Valuation, Agricultural Land

Introduction

Valuation of property is the process of calculating the present cost of the building. Valuation of property depends on the different factors like size & shape of building, height of the building, thickness of walls, type of structure, type of flooring, doors and windows etc.

Valuation can be defined as the process of determining the present value of existing property that is building, land & factory etc. Replacement value is the cost of reproduction of a similar building with same type of specification (with regard to information about quality of material & workmanship) at the existing market price on the date of valuation and decrease in value of the property due to wear and tear. The worth of the property slowly decreases due to its age thus reducing its value. It is common practice to allow definite percentage of the total cost of the building as depreciation to determine its present value.

Objective of project

- To study the agricultural land with farmhouse and Resort project from Valuation point of view.
- To find the market value of agricultural land with farmhouse and resort project.
- To compare the market value of agricultural land with farmhouse and resort project.
- To show the variation of market values due to development in study area.

Literature review

Aditi Prashant Bhamre and Dr. P.L. Naktode (Aug 2020) This paper aimed to introduce people with actual field valuation of property by finding values of properties for bank finance purpose which is in urban, semi-urban and rural areas of Dhule. Study concluded that value of property depends on locality of building, age of building and also the appearance of the building.

Thomas Burke et al (2020) introduced monetary valuations of ecosystem service provision within individual farm is produced using land cover and benefit transfer approach. For that three land cover datasets are used as inputs to spot impact because of differing characteristics on valuation. At the end, paper concludes about how approach might be developed further so as to supply more accurate valuations of

ecosystem services.

Minal Chaudhari et.al (2019) Valuation is that the technique of estimating or determining the fair price or value of a property like a building, a factory, other engineering structures of assorted types, land etc. The current value of the property may be decided by its selling price, or income or rent it is going to fetch. The worth of property depends on its structure, life maintenance, location, bank interest, legal control, etc.

Tanuj Parmar et al (2018) This paper describe about valuation practice and knowledge about actual work methodology which is verified by government approved valuers. It explains actual practice administered in field which is beneficial to match the theories and actual methodology. Detailed explanation of different methods utilized in different circumstances.

C. Garcíaa, et.al (2017) the aim of this work was to introduce the valuation method based on the two cumulative distribution functions (VMTCDF) improves the synthetic method supported on estimating the value of an asset by establishing a proportional relation between the asset and one external variable ^[6] And paper proposes a definitive extension to k indexes with a strategy particularly applicable to the sector of valuation of non-market goods or markets where information is offered as could also be the case with the valuation of agricultural land.

Material and Methodology

Identification of Study Area

Review of available literature on the valuation of farmland and commercial buildings was conducted. Aim and objectives of the study were decided along with a selection of properties which are Mango Farm Resort in Igatpuri and Farmland with farmhouse in Pimplad in Nashik as a study area. The study aims to find the valuation of property and to compare market values of both properties in the study area.

Documents required for valuation are collected which includes:

1. Copy of Approved Building Plan
2. Copy of Latest 7/12 extract
3. Copy of Registered Sale Deed.
4. Copy of DLR Map
5. Copy of Commencement certificate
6. Copy of Completion Certificate

Property Visit

Property is visited and inspected thoroughly. Checking the present condition of the property, boundaries of the property, area of the property is done. To know about the market rate in the locality, inquiry to local estate agent is done.

Purpose of Valuation

- **Buying or selling property:** When it is required to buy or sell a property, its valuation is required. So valuation is done by both buyer and seller before buying or selling the property. It plays an important role in real estate sector.
- **Taxation:** To assess the tax of a property, its valuation is required. Taxes may be municipal tax, wealth tax, property tax etc. and all the taxes are fixed on the valuation of a property.
- **Rent fixation:** In order to determine rent of a property, valuation is required. Rent is usually fixed on the certain percentage of the amount of valuation which is 6% to 10% of valuation.
- **Security of loans or Mortgage:** When loans are taken against the security of the property, its valuation is required. This gives them confidence to lend the capital, knowing that if mortgage goes unpaid, they can recover any outstanding amount by reselling the property.

- **Compulsory acquisition:** Whenever a property is acquired by law, compensation is paid to the owner. To determine amount of compensation, valuation of the property is required. Valuation of a property is also required for insurance, betterment charges, speculations etc.
- **Insurance of Property:** People are now becoming more concerned about their security for the property and they take help from valuers for insurance valuation.
- **Other purposes:** Stamp duty, dissolution of partnership, advance payment against work in contract, bank guarantee, revaluation, auction, property transfer, import duty, visa, family partition, housing loan etc.

Methods of Valuation

Rental method of Valuation: In this method, the net income by way of rent is found out by deducting all outgoings from the gross rent. This method is applicable only when the rent is known or probable rent is determined by enquiries.

Result

Nashik is one of the most populous cities of Maharashtra which is also the 6th big city of Maharashtra. Nashik is having a rich mythological and historical background. Nashik is known as Grape City or Wine City due to its famous wineries. Nashik is Divisional Headquarter of 5 Districts namely, Nashik, Ahmednagar, Nandurbar, Dhule and Jalgaon. Nashik is located on the Mumbai-Bhusawal-Nagpur route of the Central Railways. Nashik is very well connected with Mumbai and Pune which gives the advantage to Nashik for its overall growth and development. Igatpuri is a town and a hill station municipal council in Nashik district. It is located in the western ghats. Igatpuri Railway station lies in Nashik district between Mumbai and road on central railway. The place is one of the best place to visit in monsoon season. It is a hill station on busy Mumbai-Agra NH-3 and only 45 km from Nashik and 130 km from Mumbai. It is surrounded by the highest peaks in Sahyadri.

Data Collection of properties

Resort Project

- **Resort Name:** “Mango Farm”
- **Address:** Gat No. 538(P), at post Malunje, mouje Malunje, Tal. Igatpuri, Dist. Nashik-422403.

Study Area

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Igatpuri is a town and a hill station municipal council in Nashik district. It is located in the western ghats. Igatpuri Railway station lies in Nashik district between Mumbai and nas 11

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Data Analysis of Resort (Mango Farm)

Description	Area (Sqm)	Market Rate (Per Sqm)	Estimated Market Value (Rs)	Govt Guideline Rate (Per Sqm)	Govt Guideline Value (Rs)
Land	2000	3500	70,00,000/-	520	10,40,000/-
Building					
1. Built up area	72.50	13,000 (Replacement Rate)	Net Value Rs.12,91,259/-		19,26,320/-
2. Changing Room	27.00	12,917 (Replacement Rate)			
Compound Wall & Site Development			5,50,000/-		-----
Swimming Pool			7,00,000/-		-----

☐ Total Market Value=Rs.95,41,000/-

☐ And as per GLR=Rs.29,66,000/-

☐ Realizable Value=Rs.85,87,000/-

☐ Distress Value=Rs.76,33,000/-

Table 4.2 : Data Analysis of Agricultural Land with Farmhouse

Description	Area (Hectare)	Rate (Per Hectare)	Market Value (Rs)
Agricultural Land	1.28	2,00,00,000	2,56,00,000/-
Construction Cost	73.26 per sqm	10,764 per sqm	7,88,570/-

Total Value=Rs.2,63,89,000/-

The documents required for valuation of agricultural land & resort are studied & also it is observed that there is a high variation (40%) in market rate of agricultural land in comparison with resort.

The documents studied includes:

- Copy of Approved Building Plan
- Copy of Latest 7/12 extract
- Copy of Registered Sale Deed.
- Copy of DLR Map
- Copy of Commencement certificate
- Copy of Completion Certificate

The valuation report consist of

- Basic Details.
- Surrounding and Locality details.
- Property details.
- Document details.
- Valuation details.
- Route map.
- Google map.
- Onsite Photographs.
- Declaration.

Conclusion

In this dissertation brief explanation of methods used for valuation is described. This dissertation report explains complete procedure in simple steps so that professionals can easily understand the methodology of actual work carried out for the valuation of agricultural land.

The total value of the property is depending on locality of the building, Age of the building and the Appearance of the building.

As per the data analysis of resort project and agricultural land with the farmhouse it is observed that the market rate of property is totally differing from the government rate.

Concluding remark of this study is that every work is designed and executed as per Valuer's personal opinion and experience. After performing the procedure of valuation, the financial institutes get to study the current condition of property for bank finance purpose and also owner of the property get to know its present market value.

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