

Uniform code for realty valuations likely soon

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In New Delhi

UNEXPECTED rise or fall in property prices will soon be a thing of the past. Industry players and experts in the realty segment are coming together to develop a regulatory framework for property valuations in the country on the lines of international norms. But there are challenges on the path of entering a phase of maturity, according to realty experts.

Kirit Budhbhatti, secretary, Centre for Valuation Studies, Research and Training

Adopting IFRS norms will enable firms to match with global peers

(CVSRT), said, "There is no Act to regulate the profession till date in India. So, formation of uniform guidelines on the lines of International Financial Reporting Standards (IFRS) will help setting standards in the country." Adopting IFRS norms will enable companies to benchmark with global peers and improve brand value.

Importantly, there is hardly any training facility in India that can guide young professionals aspiring to become an independent valuer. Lack of training during the job is also a problem in India. On-job training along with the required degree is a must.

Renowned real estate experts assembled in a national conference on 'Valuations: The Emerging Roadmap for India' jointly organised by the Royal Institute of Chartered Surveyors and Confederation of Indian Industries (CII) in New Delhi on August 27-18.

Rajiv Shah, managing director of the Mumbai-based firm, R.B. Shah and Associates, said, "Very few firms try to use fresh talents in the industry. Valuers in

India are fragmented. The institutions controlling the learning/ training part are in decaying state. The brick and mortar system of valuation has to be more investor and market savvy."

Association with some professional organisation makes them to understand the flow of money and return on investments.

"Valuers also need to know the history of pricing of a said property. Consumption of property has a cycle of seven-eight years. So does its pricing. Valuers need to look on projections based on the history," said Sachin Gulati, head of valuations, Jones Lange LaSalle-Meghraj.

Importantly, according to current market standards, valuers earn a small

amount for their work. On the other hand, outsourcing the job of evaluating becomes a costly affair for corporates. Though, the National Housing Bank (NHB) and the Indian Banks' Association (IBA) are working on draft guidelines for property valuers associated with them, a vast majority of private valuers and independent professionals will still not come under the purview of NHB or IBA. So setting a uniform code will benefit all.

Creating a framework for the fee structure, depending on the location and the area of the property is a must.

Moreover, when two parties — seller and purchaser — join hands for a deal on a property, both parties might not use the

same valuer or institution for the evaluation. Anshuman Magazine, CMD, CB Richards Ellis-South Asia Private Ltd, said, "Therefore, there would be difference in values assigned to the property in question. This might impact the transaction or might even lead to the breaking of the deal on the issue of disagreement over the price. It is therefore a must that price variation should not be much. Else, there would be a conflict."

In this regard, Robert Peto, vice-chairman (capital markets), DTZ, suggested, "While evaluating, it is the duty of the valuer to keep the purchaser in mind. Valuation should be done through the eyes of purchaser rather than the vendor."

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THE DIRE NEED TO CREATE A FRAMEWORK: There is hardly any training facility in India that can guide young professionals aspiring to become an independent valuer. Besides, lack of training during employment is also a stumbling block in India.