

## Recommendations of the Valuation Committee for the year 2015-16

30<sup>th</sup> March 2015

Under Bye Law -5 of the New Delhi Municipal Council(Annual Rent Bye Laws), 2009, the Chairperson, NDMC has set up a Valuation Committee to give its recommendations for the year 2015-16. The Committee consists of the following:-

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|----|---|----------|
| 1. | Dharmendra,<br>Jt. Secretary (UD) & Member NDMC<br>Ministry of Urban Development<br>Urban Development Department,<br>New Delhi. | In Chair |
| 2. | Sh. G.S. Meena,(represented by<br>Sh. Sanjeev Ahuja)<br>Addl. Commissioner, South DMC,<br>DC, New Delhi.                        | Member   |
| 3. | Dy. Commissioner,<br>New Delhi Distt.   | Member   |
| 4. | Jt. Secretary,<br>Urban Development Department,<br>Govt. of NCT of Delhi,<br>New Delhi.   | M-ember  |
| 5. | Dr. Sandeep Thakur ,<br>Sr. Research Officer at NIUA.   | Member   |
| 6. | Ms. Sonika Singh,<br>Director (Tax),<br>NDMC.   | Convener |
| 7. | Financial Adviser,<br>NDMC  |          |

2. The Committee had its meetings on 30/03/2015. The Committee examined the provisions of Bye Laws 2009 in great detail and called for various information and inputs from the Property Tax Department of the NDMC and also the system being adopted in M.C.D. Based on the detailed deliberations discussions and examination of the information made available to the Committee, the recommendations of the Valuation Committee, for consideration of the Chairperson, NDMC for the year 2015-16 are given hereunder;

3. The Valuation Committee has to give its recommendations under clause(i) to (v) of the Bye Laws 5(1) of the New Delhi Municipal Council(Determination of Annual Rent) Bye Law-2009 and the same are as under:-

**i) Lands and buildings to be categorized as special category of lands and buildings for the purposes of Bye-law 3:**

The earlier Committees has already included Gas Godown, Coal Depot, Petrol pumps, LPG stations, buildings of the Union of

India, State Governments, Embassies, Prasar Bharti, Schools, Hotels, Hospitals, Libraries, colleges, Religious Places, Clubs, Stadium, Guest Houses, Cinemas and Hotels as coming within the special category of properties. No other category of land or building is proposed to be included in the special category for Bye Law-3. This Committee recommends no change in the categorization of the properties for Bye law 3 and **recommends no change for the year 2014-15.**

ii) **Base unit area value of owner occupied building which is put exclusively to residential use:**

The Valuation Committee set up for the year 2013-14 had considered this item and had given the following recommendations:

*“At present the unit rate is Rs.1000/- per sq. mtr. For such residential self occupied properties. This was based on the rental available in the year 2007. As per the annual rent Bye Laws and Section 63 of the NDMC Act, the rateable value is the reasonably expected annual rent for that year. The annual rent depends upon the reasonable expectation of return from the investment made in the properties and also the rentals, available in the buildings, which are let or proposed to be let.*

*The Committee accordingly, considered the annual rent of the properties for 2013-14 as also prevalent circle rate. The circle rate of land have been increased by GNCTD by almost 15 times of 2007 and circle rate for construction has been doubled. The rentals are also constantly on an increase and there has been a minimum increase in the existing tenancies by 15% of every three years or 20% after five years. CPWD has increased its licence fee by 8% per year or 46% in the last five years. Based on the trend, in the rental market, a modest 20% increase over unit rate based on the 2007 rentals appears appropriate and so the Committee recommends that the unit rate may be increased from Rs.1000/- per sq. mtr. to Rs.1200/- per sq.mtr. for the year 2013-14.*

*The circle rates of land has been increased by 20% from 23.09.2014. The rentals are also being increased by 15% or 20% after 3 years. Hence, **the committee recommends that the rebate of 20% in the unit rate of or the multiplication factor 0.8 to the property owners upto an area of 200 sq. mtr. for self occupied properties may be withdrawn for the year 2015-16 and the existing unit rate of Rs. 1200/- per sq. mtr. may be continued for the year 2015-16.***

iii) **Percentage of the circle “rate for valuation of land and cost of construction:-**

As per Bye Laws the percentage for calculation of annual rent under Bye Law 3 shall be a minimum of 5% and maximum of 10%. The circle rates of land has been increased by 20% from 23/09/2014. the rentals are also being increased by 15% or 20% after three years therefore the committee recommends that the percentage for calculation of annual value under Bye Law 3 may be increased by 30% on original unit rate i.e. only 10% increase

from 6% and thus the percentage should be 6.5 % instead of existing 6%. This in case would be applicable to special category to properties viz. Hotels Guest Houses, Restaurants, Cinema Halls, Clubs, Petrol Pumps and Govt. of India Properties. These are the properties which are not the actual left and expected to left.

However, if the purchase price of the land is more than the circle rate, then logically the basis of calculation of the rateable value should be the actual cost of the land and not as per circle rates.

Where a portion of the building is on rent and the remaining portion is self occupied by the society or body established for charitable purpose, the rented portion shall be assessed as a separate property as per provision of Section 62 of the NDMC Act. While the self occupied portion would be treated as a separate property as provided in Section 62(3) of the NDMC Act.”

- iv) **Method of determination of rateable value of petrol pumps, towers hoardings, and to specify the area of the land to be included in the case of schools, colleges, clubs etc. for Bye laws 3.**

No change for the year 2015-16 appears necessary and as such the Committee recommends **no change under clause V for the year 2015-16.**

Dharmendra,  
Jt. Secretary (UD) & Member NDMC  
Ministry of Urban Development  
Urban Development Department,  
New Delhi.  
**(In Chair)**

Sh. G.S. Meena,  
Addl. Commissioner, South DMC,  
DC, New Delhi.  
**(Member)**

Dy. Commissioner,  
New Delhi Distt.  
**(Member)**

Jt. Secretary,  
Urban Development Department,  
Govt. of NCT of Delhi  
New Delhi.  
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