

Recommendations of the Valuation Committee for the year 2013-14

1. As per the Byelaw – 5, the Valuation Committee is to be constituted to make recommendations on :-

- (i) Land & building to be Special category for purpose of Bye Law-3;
- (ii) Base unit area value of owner-occupied building for residential use;
- (iii) Percentage of Circle rate for valuation of land & cost of construction;
- (iv) Relevant factors for Use, Age, Structure, Occupancy, Average rentals available, Location, etc for determining annual value;
- (v) 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 Law-3

2. For the year 2013-14, this Committee was constituted as follows:-

01.	Shri Santosh D.Vaidya	Chairperson (Member of the Council)
02.	Shri M.S.A. Khan	Member (representative of the MCD)
03.	Shri Sanjeev Gupta	Member (representing DC, New Delhi)
04.	Dr. Mukesh P. Mathur	Member (representative National Institute of Urban Affairs)
05.	Shri Prem Nath	Member (representative of UD Department, GNCTD)
06.	Shri Kumar Hrishikesh	Convener / Director (Tax)

3. The Committee held its meetings on 2.3.2013, 8.3.2013 and 28.3.2013. The Committee examined the provisions of the Annual Rent Bye-laws 2009, and collected certain details and information from the NDMC. Based on the deliberations and examination, the recommendation of the Valuation Committee are as follows :-

(i) Lands & buildings to be categorized as Special category for Bye-law 3

No change in the present categorization is recommended.

(ii) Base unit area value of owner-occupied building in residential use

At present the unit rate is Rs.1000/- per sqm for such residential self-occupied properties. This was based on the rentals 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 rates of land have been increased by GNCTD by almost 15 times from 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% every 3 years or 20% after 5 years. CPWD has increased its licence fee by 8% per year or 46% in last 5 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 sqm to Rs.1200/- per sqm for the year 2013-14.

However, to protect small-property owners upto 200 sq.m, it is suggested that they may be given rebate of 20% in the unit rate or the multiplication factor may be 0.8. Thus the unit rate for self occupied residential properties upto 200 sq.m i.e. for a flat or a unit upto 2150 sqft, there would be in fact a reduction in the unit rate from Rs.1000/- per sq.m to Rs.960/- per sq.m The increase would be, effected in the bigger units which are more than 200 sq.m. and are in self use for residential or the rented residential properties or the properties which are owned by companies for their employees or the Directors of the Companies or by the firms or trusts for their employees or partners or used as guest houses and not used by individual owners for their self residence or the non residential properties.

In fact this proposal will give relief to the self occupied properties in the B.K. Dutt Colony, Bengali Market, Jor Bagh, Aradhana Colony and other residential colonies where the owner is occupying an area upto 200 sqm for his self occupation.

(iii) Percentage of Circle rate for valuation of land and cost of construction

To maintain balance both bye-laws, the percentage for calculation of annual value under the bye-law 3 may be increased by 20% and thus the percentage should be 6% instead of the existing 5%. This increase would be applicable to special category properties, viz. hotels, guest houses, restaurants, cinema halls, clubs, petrol pumps and Govt. of India properties. These are the properties which are not actually let and not expected to be let.

● No change in the Circle rates is recommended for calculation. 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 rate.

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 provisions 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 Act.

(iv) **Relevant factors for Use, Age, Structure, Occupancy, Average rentals available, Location, etc for determining annual value**

The occupancy factor for self occupied residential properties upto an area of 200 sqm may be 0.8, while for the residential properties in self occupation of an individual or HUF, with an area above 200 sqm, it would continue to be 1.0. The rest factors may be continued as present

(v) **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-law-3.**

No change recommended. As regards, the towers and hoardings, the recommendations of the earlier Committee are re-iterated.

Other recommendations shall continue to be the same as per recommendations of the Valuation Committee in earlier years.


(Dr. Mukesh P. Mathur)
Member


(Sanjeev Gupta)
Member


(Kumar Hrishikesh)
Convener

(Pradeep Kumar)


(M.S.A. Khan)
Member


(Santosh D. Vaidya)
Chairperson