

**Recommendations of the Valuation Committee for the year 2014-15**  
**21<sup>st</sup> March, 2014**

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 2014-15. The Committee consists of the following:-

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| 01. | Shri Dharmendra<br>Joint Secretary (U.D) & Member, NDMC<br>Ministry of Urban Development<br>Urban Development Department, New Delhi. | In chair |
| 02. | Shri M.S.A. Khan,<br>Additional Commissioner (Revenue)<br>North Delhi Municipal Corporation<br>Delhi.                                | Member   |
| 03. | The Deputy Commissioner, New Delhi.  | Member   |
| 04. | The Joint Secretary,<br>Urban Development Department,<br><br>Government of NCT of Delhi<br>New Delhi.                                | Member   |
| 05. | Dr. Mukesh P. Mathur,<br>Of National Institute of Urban Affairs,   | Member   |
| 06. | Shri Kumar Hrishikesh<br>Director (Tax)/Convener   | Convener |

2. The Committee had its meetings on 10/03/2014, 19/03/2014 and 21.03.2014. 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 2014-15 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 Laws-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 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.

However, to protect small property owners up to 200 sq. mtr. it is suggested that they may be given rebate of 20% in the unit rate or the multiplication factor 0.8. thus the unit rate for self occupied residential properties up to 200 sq. mtr. i.e for a flat or a unit up to 2150 sq. ft. there would be in fact a reduction in the unit rate from Rs.1000/- per sq. mtr. to Rs.960/- per sq. mtr. the increase would be effected in the bigger units which are more than 200 sq. mtr. and are in self used for residential or rented residential properties or the properties which are owned by companies for their employees or the directions of the companies or by the firms or trusts for their employees or partners or used as guest houses and not used for an individual owner 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 up to 200 sq. mtrs. for his self occupation”.

The Valuation Committee considered the above recommendations in detail and recommends that there should be no change for the year 2014-15 and the recommendations for the year 2013-14 **may be adopted for the year 2014-15 as well.**

(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 Valuation Committee for the year 2013-14 had given the following recommendations:-

“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 existing 5%. This incase would be applicable to special category properties viz. hotels, guest houses, restaurants, cinema halls,

clubs, petrol pumps, and government of India properties. These are the properties which are not the actual let and expected to let.

No change in the circle rates is recommended for calculations. 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”.

The Committee deliberated upon this issue as to whether any increase or decrease in the percentage for the determination of annual rent under Bye Law-3 is necessary. The Committee is in full agreement with the recommendations of the earlier committee for the year 2013-14 and **recommends no change for the year 2014-15.**

- (iv) **Relevant factors for increase in respect of each of the parameters of the type of user, age, type of structure, occupancy, average rentals available in the building, location of covered space and any other relevant factors as may be necessary for determining the bonafide annual value of land and building;**

The Valuation Committee for the year 2013-14 had recommended for the year 2013-14 as under:-

*“The occupancy factor for self occupied residential properties up to an area of 200 sq. mtrs. may be 0.8, while for residential properties in self occupation of an individual or HUF, with an area above 200 sq. mtr. it would continue to be 1.0. The rest factor may be continued as present”.*

The Committee is of the view that recommendations for the year 2013-14 may continue for the year 2014-15 as well. However the Committee is of the view that in respect of other parameters, like structural factors, average rentals available, locations factors and other factors which may be necessary for determining the annual value of land and buildings may be studied and if any change is necessary for increasing the parameters, a detailed study report

should be put up to the Committee to be set up for the year 2015-16 so that a view on the same could be taken by the Valuation Committee.

- (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-laws 3.**

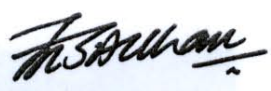
No change for the year 2014-15 appears necessary and as such the Committee recommends **no change under Clause-V for the year 2014-15.**


  
(Kumar Hrishikesh)  
F.A.-Cum-Director(Tax)  
Member/Convener

  
(Dr. Mukesh P. Mathur)  
Retd. Professor & Co-ordinator  
Member

Deputy Commissioner  
New Delhi  
Member

Joint Secretary(U.D.)  
Urban Development  
Deptt., Govt. of NCT of Delhi  
Member

  
(MSA Khan)  
Addl. Commissioner(Revenue)  
North Municipal Corporation of  
Delhi,  
Member

  
(Dharmendra)  
Joint Secretary(UD) &  
Member, NDMC.  
Chairman

21<sup>st</sup> March, 2014