

STUDY ON VALUATION OF AGRICULTURAL LAND AND RESORT-CASE STUDY OF MANGO FARM NASHIK (MS)

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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 location and demand & supply position in market. 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. 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.

Key Words: Market Value, Valuation, Agricultural Land

1.Introduction

Valuation of property is the method of calculating the present cost of the building. Valuation of property depends on the 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 such as building, land & factory etc. Depending upon its selling price in the market or the income it fetches in the form of rent, its present value is decided. Replacement value is the cost of reproduction of a similar building with same type of specification at the current market price on the date of valuation and decrease in value of the property due to structural deterioration, wear and tear. The usefulness of the property gradually decreases due to its age thus reducing its value. It is usual practice to allow certain percentage of the total cost of the building as depreciation to calculate its present value.

1.1 Definition

Market value is the value of the property one can get at particular time in open market after it has been kept for sale. It depends on upon its locality, future life, type of construction, demand and supply etc. It changes from place to place & at the same place from time to time.

Guideline Value is the estimated market value of property & it is as per the standard records maintained by the government.

Salvage value is the value of property at the end of its useful life, without being dismantled and which has not yet become useless.

Distress Value When a property is sold at a price lower than market value it is said to have distress value. Generally the distress value of property is 80% to 90% of fair market value.

Realisable Value is the value of asset that can be recognize upon its sale.

At time of fixing fair market value of property it is taken into consideration that at least 80% of fair market value should fetch at distress value and 90% at realisable value.

2. Literature Review

Abhishek Golchha and Dr. S.S. Pimplikar (June 2016) introduced the concept of valuation for the agricultural land and the specific nature and challenges for valuer, engineer and surveyor to calculate the market value of agricultural land. The quantitative valuation technique is given in this paper which could help farmer and valuer for calculation of market value.

Aditi Prashant Bhamre and Dr. P.L. Naktode (Aug 2020) aimed to introduce people with actual field valuation of real estate property by finding market value 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 the appearance of the building.

Prasad I.L.N. & Balaji K.V.G.D (Sep 2018) presents valuation of a complex building is calculated using three different approaches which are income approach, cost approach and market approach. The study concludes that income approach is higher than cost and market approach that means market approach & cost approach of valuation were undervalued. Author ended the paper saying it is best to use all three valuation approaches to determine fair selling price of a property or asset.

Sayali Sandbhor et al (2013) introduced the various factors affecting the rates of properties in Pune City & their effects in various localities. As market value is the most probable price the property would get if sold in a competitive market, it is important to know the market rates which differ from time to time because no market is continually in equilibrium. Paper concludes that Pune needs to continue this growth and exploit its potential to its fullest so as to make the percentage growth rate sustainable. Percentage growth rate is better measure of trend analysis in real estate market than rate variation alone.

S. D. Naude et al (2011) introduced a Farm Valuation Support System which will be useful for valuers in their application of the comparable sales method. An algorithm was developed to allow easy comparison of the land of a property to be valued and that of comparable farms sold in the area. It differentiates the proposed farm valuation support system from other existing property valuation systems.

Tanuj Parmar et al (2018) the aim of the paper gives details about valuation practice and knowledge about actual work methodology is elaborated. It covers methodology which is verified by government approved valuers and concerned field expert. It explains actual practice carried out in field which is useful to compare the theories and actual methodology. Detailed explanation of various methods used in different circumstances is given in the paper.

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 identify impact due to differing characteristics on valuation. Also landscape characteristics of five farms are taken as case studies. At the end, paper concludes about how approach could be developed further in order to provide more accurate valuations of ecosystem services.

3. Research Methodology

We have studied the case study of Mango farm at Pimplad Tal, Dist. Nashik. The research work deals with study of various valuation techniques and past valuation report data collected from government authorized valuer to find the market value of the property for loan purpose from bank. Documents related to property like approved building plan, sale deed, 7/12 extract, DLR map, commencement and completion certificate, etc. are studied. In present study for valuation of agricultural land resort project we have used the LAND AND BUILDING method for calculating the fair market value of properties. Land and building method is the addition of present value of land and building calculated separately which will give the final value of property.

Following steps are used for calculation of fair market value of property.

- 1) Identification of Study Area
- 2) Document Collection
- 3) Document Analysis
- 4) Property Visit
- 5) Valuation Report

4. Data Collection & Analysis

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

Table 1: Data Analysis of 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	13000	12,91,259/-		19,26,320/-
2.Changing Room	27.00	12917			
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/-**

Agricultural Land with Farmhouse

- **Address:** Gat No. 233/1, Pimpalad Gaon, Tal. and Dist. Nashik-422010.

Table 2: Data Analysis of Agricultural Land

Description	Area (Hectare)	Rate (Per Hectare)	Market Vale(Rs)
Agri.Land	1.28	2,00,00,000	2,56,00,000/-
Const.Cost	73.26/sqm	10764/sqm	7,88,570/-

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

5. Result and Discussion

This study aims to investigate market Valuation of agricultural land and resort.

1. Valuation of the property depends upon Location of the building, Frontage of building, Age & appearance of the building
2. The market rate of the property is totally differing from the government rate. .
3. The verification of documents of property on site is very necessary.

6. Conclusion

This study 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 & resort.

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 and agricultural land with the farmhouse it is observed that the market rate of property is totally differing from the government rate.

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