

Real Estate Valuation Training

Seven weeks 'Real Estate Valuation Training' programme was conducted by Nepal Institution of Chartered Surveyors (NICS), Member of International Federation of Surveyors (FIG) in collaboration with Purwanchal University Geomatic Institute of Technology from 14 March to 30 April 2012. Twenty-three technicians of Engineering Service- Surveying discipline from Survey Officers to former Director General of Survey Department had successfully completed the training course. During the training programme, 26 subject experts from various disciplines lectured in the class and practical exercises. They were from Secretary to retired Secretary of the Ministries, University teachers to the concerned experts of government departments; and banking sector to authority of land and housing development. The teaching method was adopted as two way communication, i.e. lecture-cum discussion and interaction. This type of training course was conducted for the first time in Nepal of its kind.

After the completion of training course, certificate distribution function was organized by NICS in the Geodetic Hall of Survey Department. On that occasion, Mr. Buddhi Narayan Shrestha, President of NICS and former Director General of Survey Department welcomed all the guests, dignitaries, government authorities and trainees to grace the function.



Buddhi N Shrestha is welcoming the guest, dignitaries and officials during the Real Estate Valuation Training certificate distribution function

He highlighted that the main objectives of this training was to produce capable technicians for the actual and accurate cost price valuation of real estate for mortgaging to obtain cash credit from the Commercial Banks, Finance Companies, Co-operatives and other financial institutions. At present, there is a lack of qualified and trained valuers and appraisers of real property in Nepal. High risk is growing day by day for the Nepali Commercial Banks and financial organizations by not getting pay back loans from the debtors. It was due to the over valuation of real property by the under qualified so called valuator. As a result, some of the banks would turn into a bankrupt situation. This type of training will help to minimize or stop the risk to get the bank in liquidation.

In the same way, Commission for Investigation of Abuse of Authority (CIAA) and various levels of Courts are facing difficulties not having the actual valuation of real property in connection to the bail from convicts, who have been alleged on the charges of corruption with illegal earning of land and housing. Proper valuation of real estate by qualified valuers would help to the government to collect appropriate revenue from the accused persons.

Likewise, if the valuation of land and building is made by trained valuers and appraisers, source of government revenue would have been increased in connection to land transaction in the local Land Revenue Offices of the department of Land Reform and Management. It is expected that this type of real estate valuation training would help to determine the rate of the land which will be acquired by the government organizations to execute various economic development projects, such as hydro-electric project, irrigation, road construction project etc.

Distributing the certificates to the successful trainees, Vice-Chancellor of Purwanchal University Prof. Maheswor Man Shrestha addressed that it is necessary to develop a recognized institution for the valuation of immovable property in a scientific and appropriate manner.



Vice-Chancellor of Purwanchal University Prof. Maheswor Man Shrestha (centre) distributing the certificate and Mr. Dinesh Hari Adhikari, Secretary to the Ministry of Land Reform and Management providing Code of Conduct to the successful trainees.

He said that if the real property is not valued properly, it will have negative impact for the economic development of nation. Nepal government must formulate a separate department for the valuation of real estate in a managed and trustworthy manner. So University and Colleges of Nepal should manage to run an academic course in this sphere.



On the occasion, Mr. Dinesh Hari Adhikari, Secretary to the Ministry of Land Reform and Management provided copies of 'Ethics and Code of Conduct of a Surveyor as Real Estate Valuer' enunciated by International Federation of Surveyors (FIG) through publication number 17 (September 1998).



He expressed that the real estate valuer must adopt the code of conduct propounded by FIG to determine the exact and accurate valuation of real property. He informed that 'Real Estate Valuation Statute-2067' has been drafted by the ministry. In connection to finalize the draft, it will be discussed also with the expert on real estate valuation to make it a final Act to be submitted to the Constitution Assembly (Parliament).

Director General of Survey Department Mr. Krishna Raj BC opined that the survey professionals should be engaged for the valuation of land and building, so that commercial banks, financial institutions will be benefitted during the flow of credit for the debtors.

Director General of the Department of Land Reform and Management Mr. Jeet Bahadur Thapa congratulated to all the trainees. He expressed that he will employ the real estate valuation professionals to determine the minimum valuation of land and building in connection to the land transaction and transfer of ownership on land.

As a guest speaker Mr. Nagendra Jha, Executive Director of Land Management Training Centre said, real property valuation should be based on factual data and statistics and market price in accordance with the prevailing laws of the country. Such valuation system should be very useful for the banks and financial co-operative institutions to expand their credit flow.

Lastly, Vice-President of NICS and former Director General of Survey Department Mr. Punya Prasad Oli offered vote of thanks to all the guests, dignitaries, Surveyors and participants that it has honoured the NICS to make the programme successful. He hoped that the government will formulate a separate department of real estate valuation; and trained valuers will use their training, knowledge, experience and skill on the related field.



Group photograph of the receipt of training certificate
 Last back row from left to right 4th Buddhi N Shrestha and 2nd from right
 Vice-Chancellor Prof. Maheswor Man Shrestha

Training contents are as follows:

1. History of real estate valuation
2. Valuation concept and principles
3. Identification of real estate- method, technique, legislation, field identification
4. Indicators of real Estate valuation
5. Factor effecting/ obstacles of real estate valuation
6. Minimum valuation and comparison with other countries
7. Quantity Surveying
8. Concept on building engineering & estimation
9. Map reading/ Introduction to GIS
10. Use of cadastral data in land valuation
11. GIS and software for real estate valuation
12. Applied Practice in banking loan procedure
13. Determination of property value of:
 - a) Agricultural land and Standing crops, b) Forest land and Trees, c) Water bodies, d) Urban and residential land, e) Barren and public land, f) Un-surveyed and un-registered land, g) Trust and tenant owned land, h) Encumbrances and condominium, i) Infrastructures and utilities, j) Buildings and fences, k) Archeological & Ancient Assets.
14. Legislation on property valuation
15. Proposed statue concerning Real Estate Valuation -2067
16. Real estate / Property taxation
17. Bankers' Practice in real property valuation
18. Effect on property valuation of: i) Environmental situation and, ii) Planning and land development programmes, iii) Land use zoning.
19. Best practices and site visits through internet (Nepal, India, Japan, Malaysia, UK & USA)
20. Preparation of Technical Proposal and Report writing
21. Valuation methods and standards (set out methods and approaches) -Workshop
22. Presentation by individual participants

