



Master Circular regarding Panel Valuers of the Bank.

1 Empanelment of Panel Valuers

1.1.Criteria for Empanelment of Panel Valuers:

In order to ascertain the value of properties for any of the above purposes, the Bank shall appoint external independent valuers for undertaking valuations. The empanelled valuers shall carry out valuation of different types of assets as under:

- i) Land and Building
- ii) Plant and Machinery
- iii) Stock and Trade
- iv) Agricultural Land

1.2.Educational Qualifications and Previous Work Experience:

It is necessary that a valuer possesses proper educational qualifications which make him competent to carry out the task of valuation of securities. In addition, relevant work experience is also important. In this backdrop, persons possessing the following Educational Qualifications and Work Experience shall be eligible for empanelment as Valuers:

I.Valuation of Land & Building / Real Estate

The educational qualifications for empanelment as valuers of Land & Building / Real Estate from 01.01.2016 till 31.12.2019 shall be as under:

Sr. No.	Educational Qualifications	Work Experience	Remarks
1.	Bachelor's degree in Civil Engineering / Architecture / Town Planning or equivalent	5 years' work experience in the field of valuation of real estate after completion of degree or equivalent	The applicants with these qualifications should preferably possess an additional qualification in the form of a certification examination on or before 31.12.2019 of duration of one semester or above in the subjects which are vital for valuation of real estate and not covered in course curriculum of civil engineering, architecture and town planning and which is conducted by recognized university established under State or Central Acts. Note : The applicants empanelled on the basis of crieteria laid down under Sr No.1 shall be eligible for empanelment even after 1.1.2020.
2.	Diploma in Civil Engineering / Architecture	8 years' work experience in the field of valuation of real estate after	They should preferably complete the certification course in valuation of real estate as prescribed under Sr.No.1 above. Note : The applicants empanelled on the basis of crieteria laid down



		completion of diploma	under Sr No.2 shall be eligible for empanelment even after 1.1.2020.
3.	Pass in examination in valuation of real estate recognized by the Govt. of India for recruitment to superior services or posts conducted by any institution	2 years' work experience in the field of valuation of real estate after completing the examination	----
4.	Master's degree in Valuation of real estate awarded by a recognized University in India in India i.e. University established under State or Central Acts.	2 years' work experience in the field of valuation of real estate after completing the examination	-----
5.	Chartered / Professional Membership of the Royal Institution of Chartered Surveyors (RICS) or American Society of Appraisers (ASA) or Appraisal Institute (AI), USA/ other Internationally reputed institutional players who fulfill the criteria - obtained by passing an examination equivalent to examinations mentioned under Sr. No.3 & 4 above.		Since the process of procurement of membership with these organizations includes training as an integral component, no further experience requirement is being prescribed.

II. Valuation of Plant & Machinery:

The educational qualifications for empanelment as valuers of Plant & Machinery from 17.11.2016 to 31.12.2019 shall be as under:

Sr. No.	Educational Qualifications	Work Experience	Remarks
1.	Bachelor's degree in Mechanical, Electrical, Chemical, Production, Electronics, Computer, Industrial Engineering and any other stream of Engineering as required by the Bank for conduct of valuation of Plant & Machinery and other equipments.	5 years' work experience in the field of valuation of plant & machinery after completion of degree or equivalent	The applicants with these qualifications should preferably possess an additional qualification in the form of a certification examination of duration of one semester or above on or before 31.12.2019 of duration of one semester or above in the subjects which are vital for valuation of plant & machinery and not covered in course curriculum of Mechanical, Electrical, Chemical, Production, Electronics, Computer, Industrial





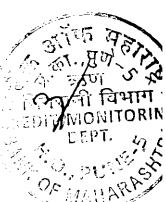
			Engineering and any other stream of Engineering as required by the Bank for conduct of valuation of Plant & Machinery and other equipments. and which is conducted by recognized university established under State or Central Acts. Note : The applicants empanelled on the basis of crieteria laid down under Sr No.1 shall be eligible for empanelment even after 1.1.2020.
2.	Diploma in Mechanical, Electrical, Chemical, Production, Electronics, Computer ,Industrial Engineering and any other stream of Engineering as required by the Bank for conduct of valuation of Plant & Machinery and other equipments.	8 years' work experience in the field of valuation of plant & machinery after completion of diploma	They should preferably complete certification course in valuation of plant & machinery prescribed under Sr. No.1 above. Note : The applicants empanelled on the basis of crieteria laid down under Sr No.2 shall be eligible for empanelment even after 1.1.2020.
3.	Master's degree in valuation of plant & machinery awarded by a recognized University in India i.e.University established under State or Central Acts.	2 years' work experience in the field of valuation of plant & machinery after completing the examination	----

III. Valuers of Agricultural Land

There are no courses available in our country to qualify as a valuer of agricultural land. However, valuer of agricultural land should have knowledge of following principles of valuation:

- Cost, price, value and worth
- Various types of value
- Value elements – ingredients – characteristics
- Annuities – capitalization – rate of capitalization – redemption of capital
- Three approaches to value viz. Income, Market and Cost
- Laws applicable to agricultural land
- Ready Reckoner available with local revenue authorities.
- Any acquisition notice has been issued by any Govt Department on the said land.

Till the courses are available, the empanelment may be carried out as



per criteria laid down under the Wealth Tax Rule 8A (3).

Wealth Tax Rule 8A (3) – A Valuer of Agricultural Land (Other than plantations) shall have the following qualifications, namely:

- i) He must be a graduate in agricultural science of a recognized university and must have worked as a farm valuer for a period not less than five years; and
- ii) He must be a person formerly employed in a post under Government as Collector, Deputy Collector, Settlement Officer, Land Valuation Officer, Superintendent of Land Records, Agricultural Officer, Registrar under the Registration Act, 1908, or any other officer of equivalent rank performing similar functions and must have retired or resigned from such employment after having rendered service in any one or more of the posts aforesaid for an aggregate period of not less than five years.

IV. Wealth Tax Rule 8A (4) – A valuer of coffee plantation, tea plantation, rubber plantation or, as the case may be, cardamom plantation shall have the following qualifications, namely :-

- i) He must have, for a period of not less than five years, owned, or acted as manager of a coffee, tea, rubber or, as the case may be, cardamom plantation having an area under plantation of not less than four hectares in the case of a cardamom plantation or forty hectares in the case of any other plantation ; or
- ii) He must be a person formerly employed in a post under Government as a Collector, Deputy Collector, Settlement Officer, Land Valuation Officer, Superintendent of Land Records, Agricultural Officer, Registrar under the Registration Act, 1908 (16 of 1908), or any other officer of equivalent rank performing similar functions and must have retired or resigned from such employment after having rendered service in any one or more of the posts aforesaid for an aggregate period of not less than five years, out of which not less than three years must have been in areas, wherein coffee, tea, rubber or, as the case may be, cardamom is extensively grown.

V Valuers of Stock (Inventory), Shares

In the case of these assets, criteria laid down under the Wealth Tax Rule 8A (7) to be adopted.

Wealth Tax Rule 8A (7) – A valuer of stocks, shares, debentures, securities, shares in partnership firms and of business assets, including goodwill shall have the following qualifications, namely:

- i) He must be a member of the Institute of Chartered



- Accountants of India or the Institute of Cost and Work Accountants of India (or the Institute of Company Secretary of India); and
- ii) He must have been a practitioner as chartered accountant or a cost and work accountant or a company secretary for a period of not less than ten years and his gross receipts from such practice should not be less than fifty thousand rupees in any three of the five preceding years.

Evidence of previous experience needs to be provided to the bank. In case of companies / partnership firms undertaking valuations, the qualification and experience shall apply to the lead valuers of the company / all partners of the partnership firm.

A) Minimum Age Requirement

Age is an important criteria while empanelling valuers. The minimum age for empanelment with the bank shall be 25 years and there is no maximum age limit for a valuer to remain on panel.

B) Membership of Professional Bodies

It is important that a valuer actively participates in professional activities in various professional bodies. It shall be necessary that every valuer empanelled by the bank in India be a member in good standing of any one of the valuer associations.

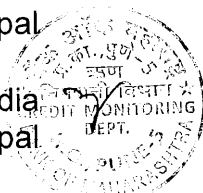
C) Categories of Valuers:

The objective of categorization of valuers is to ensure that while lesser value assignments are handled by relatively junior valuers, the senior valuers can handle higher order valuations.

Sr. No	Category of Valuers	Work Experience in Undertaking Valuation	Value of property for assignment of Valuation Work
1.	A	More than 10 Years	No Limit
2.	B	More than 5 Years and less than 10 Years	Up to Rs.50.00 crore
3.	C	Up to 5 Years	Up to Rs.5.00 Crore

Valuers need to furnish proof of experience. Any one of the following may be accepted as proof of experience:

- Letter of empanelment by any Bank / FI
- Letter of empanelment by any Court of India
- Registration Certificate under Wealth Tax Act, 1957
- Letter of appointment as valuation consultant by Government of India / any State Government / any Municipality / any Municipal Corporation
- Letter of appointment as valuer employee by Government of India / any State Government / any Municipality / any Municipal



Corporation

- Letter of appointment as a valuer employee by any Limited Company engaged in the business of valuation
- Letter of appointment as a valuation consultant by any Limited Company
- Letter of appointment as a valuer employee by any partnership / proprietorship / private limited company engaged in the business of valuation for last five years

The Experience of the Valuer shall be calculated from the date of his first empanelment with any Bank / Financial Institution / High Court or Registration under Wealth Tax Act, 1957.

D) Registration with Government

Registration with the central / state government is desirable but not compulsory. However, it may be noted that for undertaking valuations under the SARFAESI Act, valuation has to be obtained from Registered Valuer under the Wealth Tax Act (Sections 34 AA to 34 AE). While assigning / outsourcing valuation work to valuers, it is necessary that the bank should take the provisions of the SARFAESI Act into account and comply accordingly.

E) References

Carrying out a reference check is extremely important in order to verify the competence of a valuer. Valuers need to submit at least 3 reference letters and the bank need to verify the quality of services provided by the valuer in the previous stances before empanelling the valuers on their panel. The referees shall be either a) bank managers where previously the valuer had done valuations, or b) companies for whom the valuer had previously done valuations. The reference letter shall be on the letter head of the Bank / Financial Company / any other company where valuations have been done and shall be duly signed by a senior level manager / officer.

F) Other Conditions:

In addition to the above, the other conditions to be fulfilled by the valuers for empanelment are as under:

- The valuer is a citizen of India
- The valuer has not been removed / dismissed from valuation related service (previous employment) earlier
- The valuer has not been convicted of any offence and sentenced to a term of imprisonment
- The valuer has not been found guilty of misconduct in professional capacity
- The valuer is not an undischarged insolvent
- The valuer has not been convicted of an offence connected with any proceeding under the Income Tax Act, 1961, Wealth Tax Act, 1957 or Gift Tax Act 1958.
- The valuer possesses a PAN Card number / Service Tax number as applicable (**GST No. is a must for Category "A" Valuer**)

