

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 criteria 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 criteria laid down

			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

- 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



- No security deposits or any other indemnity money should be taken from the valuers as security for the professional services that they provide.
- Professional fees / payments to the valuers shall be paid by the bank within 45 days of the submission of the valuation.
- In case the valuation report submitted by the valuer is not in order, the bank shall bring the same to the notice of the valuer within 15 days of submission for rectification and resubmission.
- In case of valuations under SARFAESI Act, provisions under the Act have to be followed.
- **Valuation of land and building in respect of existing accounts shall be done as under:**

Sr.	Nature of Finance	Valuation of Land & Building and plant & machinery	Frequency
a)	Advances against Property for Rs.1.00 Crore & above (Other than Housing Loan)	Independently by two valuers on the bank's panel. It should be ensured that there is no unreasonable gap between the two valuations. Lower of two valuations shall be taken for assessment (excluding Residential Housing Loan and leased rental accounts).	Once in three years
b)	Housing Loan above Rs.1.00 crore to acquire second hand house (Resale House)		
c)	Other advances having total exposure above Rs.5.00 Crore		
d)	Advances other than above (a to c)	By single valuer on bank's panel	Once in three years

In case the difference in the valuation arrived at by both the valuers is not more than 15 percent, lower of the two valuations should be considered for assessment. In case the difference is more than 15 percent, then a third valuer, who shall be a senior valuer in the "A" Category, may be appointed and the bank shall take an appropriate decision on the value.

L.Procedure for verification of reports furnished by third party entities and documents

Branch shall obtain certified copy of title deeds through empanelled advocate from the Registrar's Office duly verified by the advocate with the original copy submitted by the applicant borrower to ensure genuineness of the documents. The title deed submitted by the borrower should also be verified with e-registration, where ever it is available. Branch should obtain copies of the title deeds and other documents provided to the advocate duly signed by him confirming that, he has undertaken document verification based on such copies:

