

7.5 Valuation of Lands & Buildings —

When rent cannot be ascertained by direct methods for building like schools, clubs market complex etc. The valuation is done on the cost of land to which the ~~depre~~ depreciated cost of the building is added. The valuation of building ~~mainly~~ mainly depend on the income it will fetch if let out.

Cost of the land is approximately determined by taking the average of the sale deeds of the near past.

Depreciated cost of the building is arrived at by knowing its life and its age. From the capitalised cost of the building ~~is~~ worked out from its cubical content or otherwise depreciation is worked by ~~the~~ straight line method.

Following methods are used for valuation of Buildings —

- ① Rental Method
- ② Direct comparison with the capital value
- ③ Valuation based on profit
- ④ " " " " " " Cost
- ⑤ Development method
- ⑥ Depreciation method

P.T.O.

Following methods are used for valuation of land -

- (1) Comparative Method
- (2) Abstractive "
- (3) Balancing "

Factors Affecting Their Valuation -

(1) Location of property - This is the major factor which affects the valuation of land and building to a large extent (A.M.).

The value of land which is situated in a busy locality.

(2) Size - The rate of large land cannot be compared to that of a small land.

(3) Shape - The value of the land with regular shape will be more than those with irregular shapes.

(4) Nature of soil - The black cotton soil is very good for agricultural purpose but poor for construction of structure. Thus land consisting of black cotton soil will have less value for construction purpose.

⑤ Price Index — Due to more inflation, value of building goes on increasing. This factor can be controlled by taking suitable steps by government or by R. B. I.

⑥ Level of the Ground — The ground with considerable amount of level difference will have less value as considerable amount will have to be spent for earthwork.

⑦ Frontage and depth —

The value of rear portion of plot decreases as the distance from street increases. Thus a plot having more frontage will have greater value.

⑧ Return Frontage —

The corner plot has more value as it grants more light and ventilation. Corner plot gives wide scope for better architectural planning.