

## **CHAPTER-1**

### **INTRODUCTION**

#### **1.1 Introduction**

Shelter is a basic need for every human being and ensuring the need is a social responsibility. Providing safe shelter vis-a-vis housing, specially for poor and marginal sector has had been an enormous challenge globally. Availability of safe hygienic shelter is an indicator of good and strong socio- economic health of a nation. Ensuring affordable shelter to all, is a challenge globally recognized. In India such challenge had been recognized decades before resulting introduction of various schemes, both in terms of actual implementation of housing project through Government agencies as well as monetary incentives at individual level, to achieve the goal. Government apart from implementing projects like Pradhan Mantri Awas Yojana for rural poor especially, also introduced subsidy and interest rate card for housing loan to augment constructions or purchase of dwelling houses by shelter less citizens.

Challenge to provide affordable housing/ shelter is not only confined to rural masses where economically weaker section of populations is more concentrated but it is also a huge challenge to the urban centers. With influx of population in to the urban centers for varied economic activities, pressure on land in such urban centers has exponentially grown up which resulted in abrupt and heavy increase in price of land. As a corollary to such sky rocketing land price in the urban centers, the idea of apartments came to be realized to achieved the goal of housing for all specially the neo urban dwellers i.e. mostly the first generation urban dwellers.

The city of Guwahati is considered the gate way of North East India, seeking to expand its vision beyond the eastern boundary for multifarious economic and business activities both intra and international. In search of better avenues and opportunities, people not only from within the state of Assam but also from outside the state have migrated to the city thereby creating more pressure on the land which has resulted spiraling growth of land price vis-a-vis value. Due to increase land value as a

fall out affect, the concept of Apartments i.e. optimal use of land for affordable housing for cluster of people, has come up in a big way. Concept of Apartments is basically owning individual house in a shared arrangement thereby restricting absolute ownership. Ownership of an Apartment is conditional as it is not an independent property in its absolute sense. This instant study confines itself to challenge of valuation of such individual Apartment within the Guwahati Metropolitan City Area. The concept of Apartment building in Guwahati City may still to be considered to be at a nascent stage as compared to other cities globally or nationally. As commonly use, an Apartments is also referred to herein as flat and flats for Apartments.

Valuation of a property vis-a-vis real estate is an inherent requirement preceding transfer of the property by way of gift, sale, mortgage etc.. For low valued property it is mostly application of common human prudence that ascertains the value vis-a-vis price. As minor variation would not generally affect either transferor or transferee, substantially in terms of monetary consideration.

With increase in prices as well as for the purpose of institutionalize financial credit both for purpose of procuring as well as construction of real estate property, correct assessment of value is must and for a same application of technique of valuation keeping in mind peculiar characteristic of individual property. Applicability of a particular method, amongst various modes of valuation of real estate property, depends upon not only such particular characteristic of individual real estate property but also purpose of valuation of such property. It is commonly accepted that 'Value of real estate property varies with purpose and date'.

With high value in stake real estate in urban centre mostly, are required to be valued property by applying modern technique in order to safeguard financial interest of both transferor and transferee. For the purpose of caring out specific study, this instant academic endeavour is confined to valuation of apartment within the Guwahati Metropolitan City area. For the purpose of the instant study the apartment is categorized in two parts VIZ. a). Readymade Apartment(flat) or ready to move apartment (flat) and b). Apartment(flat) under construction.

In readymade apartment its physical existence can be sensed and inspected and as such by applying correct method, valuation of the property can be fairly assessed without much hassle. It is however in case of valuation of an apartment which is under construction that pose serious challenge. A prospective buyer of an apartment (flat) is often required to pay or rather negotiate price without the physical presence of the apartment which is only promised to be constructed in future adhering to certain specification as the builder or promoter would generally offer. In overwhelming cases, prospective buyer entered into Agreement with the builder /developer/promoter to pay the agreed consideration amount on the faith of assurance of finance by bank or financial institutions. In return such bank/financial institution required to secure the property i.e. the apartment against offer of financing even before its actual physical existence. The financier, even for the matter of fact the prospective buyer advances payments, even if partially to agreed consideration amount, only an expectation of coming in to existence of the property in future. In this context valuation of such virtual property poses immense challenge to secure the financial interest of both the prospective buyer as well as bank or financial institutions agreeing to finance such apartment which is still under construction and as such this instant study lays special emphasis on this aspects.

Indian urban phenomenon has been featured by a tremendous growth of urban population and an unprecedented growth of urban settlements in the last few decades. The total urban population of 285 millions in 2001 in India is more than the total population of several countries. According to the 2011 census report it has further risen to 377 million. It is also a little over 10 percent of the total urban population of the world; it is more than 21 percent of Asian urban population.

Assam has witnessed a drastic growth in urbanization during last few decades. The unprecedented growth proved to be boon for the government as well as the real estate players. An upsurge for the real estate industry has led the region step in a new show of economic development.

Although the other parts of the state are scarcely developed in this ground, Guwahati is the fastest growing city in this regard.

The real estate sector is the second largest industry in India after Agriculture. With direct migration to urban areas accounting for 20-25% of the increase in urban population, India will see urbanisation spread across the nation and impact nearly all states. Census data indicates that India's urban population has grown from 286 million in 2001 to 377 million in 2011, which accounts for over 31% of the country's population. The number of urban cities and towns has also increased from 5,161 in 2001 to 7,935 in 2011. Additionally, the number of 1 million plus cities has grown from 35 in 2001 to 53 in 2011.

The Guwahati metropolitan city; it is an integral part of the process. It is a known fact that there is a strong correlation between urbanisation and economic development. The relationship between GDP growth and urbanisation exists because high population density provides scale benefits that boost productivity, which in turn enhances growth - a virtuous cycle.

## **1.2 Background of Real Estate In India**

India's real estate market is expected to reach US\$ 180 billion by 2020 from US\$ 126 billion in 2015. Emergence of nuclear families, rapid urbanisation and rising household income are likely to remain the key drivers for growth in all spheres of real estate, including residential, commercial and retail. Rapid urbanisation in the country is pushing the growth of real estate. More than 70 per cent of India's GDP will be contributed by the urban areas by 2020. Housing sector is expected to contribute around 11 per cent to India's GDP by 2020. Private equity and debt investments in Indian real estate increased to US\$ 4.18 billion in 2017, compared to US\$ 3.73 billion 2016. During January-March 2018, private equity investments in Indian real estate increased 15 per cent year-on-year to Rs 16,530 Crore (US\$ 2.6 billion). Investments in retail projects in tier 1 and tier 2 cities reached US\$ 6.19 billion from 2006-17. Private equity investments in Indian retail assets increased 15 per cent in 2017 to reach

US\$ 800 million. During January-March, 2018 office space absorption increased 25 per cent year-on-year to around 11 million square feet. India jumped 13 spots in Knight Frank's Global House Price Index to reach 9th position in Q2 2017.

The Government of India has been supportive to the real estate sector. In August 2015, the Union Cabinet approved 100 Smart City Projects in India. The Government has also raised FDI limits for townships and settlements development projects to 100 per cent. Real estate projects within the Special Economic Zone (SEZ) are also permitted 100 per cent FDI. Government of India's Housing for All initiative is expected to bring US\$ 1.3 trillion investments in the housing sector by 2025. Under Union Budget 2018-19, Pradhan Mantri Awas Yojana (PMAY) (Gramin) was allocated Rs 33,000 crore (US\$ 5.10 billion) while the urban programme of the scheme was allocated Rs 31,500 crore (US\$ 4.87 billion). The scheme is expected to push affordable housing and construction in the country and give a boost to the real estate sector. The government has also released draft guidelines for investments by Real Estate Investment Trusts (REITs) in non-residential segment.

### **1.3 Real Estate in Assam**

Assam is a north eastern state of India which is located south of the eastern Himalayas. The state is surrounded by the remaining Seven Sister States including Nagaland, Meghalaya, Mizoram, Arunachal Pradesh, Tripura, and Manipur. Dispur, a part of Guwahati serves as the capital city of Assam. Assam's rich reserves of coal, oil and natural gas led to the establishment of perhaps the first integrated township in the country, which has emerged with its stately bungalows, schools, hospitals, commercial spaces and shopping areas. Public sector undertakings in oil and natural gas, coal and fertilizers supported the establishment of the Duliajan, Moran, Margherita, Namrup, Numaligarh, Jorhat, and Bongaigaon townships, integrating residential and commercial spaces in Assam, in harmony with the natural environs.

12.90 % of Assam's population resides in townships and towns that have grown along the river Brahmaputra. Gauhati is the commercial hub and gateway to the

north-east while Dispur is the administrative capital. Sibsagar, the seat of the Ahom kings, Dibrugarh and Tinsukia, commercial hubs in North Assam, Naharkatiya, Silchar, Kokrajhar, Goalpara, Nalbari, Lakhimpur, Nagaon, Golaghat and Cachar are towns that are linked with either the tea or plywood industry in the state.

Commercial property in Assam has steadily developed around the industrial estates in Bamuni Maidan, Guwahati, and in industrial areas of Banda and North Guwahati. The STPI at Borjhar has provided for built-up space to be used by IT entrepreneurs. A hub at Panbazar, STPI maintains an incubation facility providing ready to use cubicles with computers, furniture, uninterrupted power supply, air-conditioning and Internet connectivity.

The Export Promotion Industrial Park (EPIP) in Amingaon is a highly sophisticated and environment friendly industrial park developed to provide infrastructure facilities of a high order for export oriented units.

As a matter of fact, the growth of the real estate in Assam depend largely on the success of the Industrial Policy of the Assam Government which encourages private investment in industrial and infrastructure projects.

The North East Industrial Policy has attracted attention from a number of multi-national corporations since the turn of the century. Oil, tea, plywood and some public sector undertakings have been the mainstay of the economy but the New Industrial Policy for the North East offers competitive advantages to foreign direct investment in Assam with the availability of cheap land and labour.

Foreign direct investment in Assam has been made in energy, agriculture, infrastructure, health, flood control, and agro-business through the efforts of the World Bank, Asian Development Bank and the Japanese Bank for International Cooperation.

### **1.4 Background of Real Estate in Guwahati**

The Guwahati city and many of the Indian cities in particular are dynamic, pulsating entities that have evolved over a long period of time having attracted a fair share of the country's population for diverse human activities. In many respects, the evolution of these cities has depended on their geographic features, religious backgrounds, nature of economic activities, and features of the surrounding hinterland.

Rural poverty has a tendency to increase the urban immigration for employment which, in turn, expands the relative size of urban informal sector employment. The residual absorption of labour in the low productivity informal sector reduces the consumption expenditure per capita and thus inflates the ratio of urban poverty. Since industrial employment affects the share of informal sector employment negatively and the latter responds positively to migration from the rural to urban areas, it is quite likely that among the migrant workers large majorities are engaged in the informal sector.

Urbanization can reduce overall poverty if the rural poor are attracted to the cities and find productive employment. It offers better education facilities, as also better health facilities, more opportunities to interact, better information base, larger market, and access to public services like bus transport. However, unless conditions are not adequately conducive, urbanization may only mean shifting rural poor to urban slums with far worse living conditions than in the rural areas.

The concept of Apartment building in Guwahati City may still be considered to be at a nascent stage compared to other cities nationally notwithstanding that construction of first such Apartments was started in the year 1987. It was started in the locality of Jayanagar, Khanapara, near NERIM complex in the Guwahati city which was known as 'Barua Complex'. In the same year the second Apartment within the Guwahati City was started in Sarumotoria locality, near Dispur by 'M/S. Arunodoi Apartments Pvt. Ltd.' and subsequently the apartments was named as 'Arunodoi Apartments ".

Over the next three decades, Guwahati City has witnessed construction of numerous high rise apartments with growing commercialization otherwise previously residential localities, many such apartments have been constructed for both trade and business practice as well as residential dwellers which are commonly termed as Semi Commercial Apartments. In such high rise apartments a portion of carpet area mostly ground floor or subsequent low rise floors are dedicated for commercial activities and assessment by the Municipality is also done accordingly. During physical study conducted for the instant research work this phenomena has been found to be rising specially along the major role within municipal area.

Another aspect the researcher has realized during field study that concept of Apartments is breaching the boundary of traditionally known Guwahati City which otherwise has had till recently considered rural. In the opinion of the researcher as it could be realized having interacted with prominent builders that Apartments in this areas basically attract the prospective buyers for two reasons VIZ. comparatively low price due to comparative lower price of land and secondly with inclusion of Guwahati City within Smart City Concept the prospective buyers are expecting all the civic amenities generally attached with a city, shall also be available in those areas sooner than later.

### **1.5 Real Estate: Meaning and Definition**

Land plus anything permanently fixed to it, including buildings, sheds and other items attached to the structure is generally referred to Real Estate.

The Planning Commission of India defines '*Real estate*' as land, including the air above it and the ground below it, and any buildings or structures on it. It is also referred to as *realty*.

Land together with any appurtenances attached thereto being immovable in character and enhancing utility of thereof is in common parlance considered as real



estate. Being real, the property is not virtual in nature and it must be able to be seen and sensed.

The term 'Real estate' includes the sale, purchase, and development of land, residential and non-residential buildings. It also includes residential housing, commercial offices, hotels and restaurants, trading spaces such as theatres, retail outlets, industrial buildings such as factories and government buildings. The landlords, developers, builders, real estate agents, tenants, buyers and the financiers are considered as the key players in the real estate market are.

### **1.6 Types of Real Estate Property**

With the advent of diversified human interests vis-a-vis activities, usage and utilities of real estate have become multifarious and multidimensional resulting categorization of real estate based such usages and utilities, viz.

- a. Residential property
- b. Commercial property
- c. Industrial property.
- d. Vacant Land.

#### **1.6.1 Residential Property**

Properties exclusively dwelled as human shelter for private individuals in getting basic protection from nature's fury, general convenience and comfort based individual needs are classified as residential properties.

#### **1.6.2 Commercial Property**

Properties not being residential properties, exclusively used for activities other than industrial activities, aimed at carrying out trading, services etc. to make profit are generally classified as Commercial Property.

### **1.6.3 Industrial Property:**

Properties neither being residential properties nor commercial properties, exclusively used for activities, aimed at carrying out production of good, items etc. for subsequent use in trade and commerce are generally classified as Industrial Property.

### **1.6.4 Vacant Land:**

Land includes vacant land, working farms and ranches. The subcategories within vacant land include undeveloped, early development or reuse, subdivision and site assembly. Land without any structures, having more demand than the land bearing with building or any permanent structures. The value of the such type of vacant land increasing day by day in an appreciable nature generally without depreciation of the real estate property subject to the condition that untill unless some negative factors start to act on the property.

## **1.7 Meaning of Valuation**

Valuation is the process to evaluate the value of a property as on specific date and time. The value usually sought is the property's market value.

Valuation of Real estate is the task of appraising the prospective price of a site or building in the case of a sale. Such appraisals are important for investment decisions, for real estate funds and project developments.

A main consideration to determine the value of property: the present worth of future benefits arising from the ownership of real property. Unlike many consumer goods that are quickly used, the benefits of real property are generally realized over a long period of time. Therefore, an estimate of a property's value must take into consideration economic and social trends, as well as governmental controls or regulations and environmental conditions that may influence the four elements of value:

### **1.7.1 Demand**

The desire or need for ownership supported by the financial means to satisfy the desire; Demand is the need or desire for a specific good or services, and is an essential ingredient in creating value. Without demand, any amount of supply is meaningless. Sometimes though, demand can be created simply by lowering the price. On the other hand, prices can be raised too high even when there appears to be strong demand. High prices cause some people to look for alternatives in the marketplace. This is known as the theory of substitution, which is discussed later.

One final element of demand to consider is a person's ability to pay for a item. Effective demand, or purchase ability, means a prospective buyer has enough disposable income available to satisfy her needs or desire. A person may want a million- dollar home, but if she can't afford to buy it, then that person's demand doesn't count.

### **1.7.2 Utility**

The ability to satisfy future owners' desires and needs; Utility is the degree of usefulness to prospective users. For example, there can be demand for housing, but your house must be perceived as useful (e.g., enough bedrooms) to someone interested in buying a house for it to have value to that potential buyers.

Furthermore, if there is no perceived use for something, then there's no perceive value. This is why public and private restriction on land can impact value. For example, government restrictions on the size and placement of buildings

Limited Supply, the finite supply of competing properties. If there is an unlimited supply of something, then it is perceived to have little value. Of course, the scarce item must also be useful (have utility). Scarcity and utility must both be present. Things that are scarce but not useful have little value (e.g. common fossils), just as things may have little value if they happen to be plentiful, even if useful (e.g. air or an abundant source of water).

People generally perceive land to be valuable because there's a limited supply of it. This notice of scarcity feeds the anticipation of real estate buyers who feel there're buying property as an investment that will increase. Value is also derived due to uniqueness; for example, the fact that there's only one of a particular house in a given location. If people really desire a certain home in a certain location, then more value may be created.

### **1.7.3 Transferability**

The ease with which ownership rights are transferred. Property value is derived from the freedom to transfer title readily from one person to another. The fewer restrictions there are on property, the more perceived value it has in the market place. If there are conditions on title to land, which restrict its future transfer, a buyer would likely not pay as much for the (given that ready substitutes exist in the market place). Again, public and private restrictions imposed on transferability, they may decrease the perceived value to potential buyers.

Finally, there's the added requirement that the person receiving the property must have the ability to pay for it. We referred to this earlier as effective demand or purchase ability. Without this, desire and demands go unfulfilled because property won't be transferred to the person who desires it.

## **1.8 Objectives of Valuation**

### **1.8.1 Selling and buying of Property**

At the time of sale/purchase of a real estate property, before fixing the consideration price between the buyer and seller negotiation takes place based on the base value or present market value which is determined by a practicing valuer. Thus valuation is required both the seller & buyer for selling and buying. It plays a key role in real estate market.

**1.8.2 Property Mortgage and Security of Loan:**

While taking a loan from financial institutions on the security or mortgage against a property, the financial institution or bank carry out valuation of the property given as security and depending on the value of the property decision for loan is taken.

**1.8.3 Fixation of Rent/lease rent**

Standard rent/lease rent of a property is calculated based on the total value of a property for which valuation is required.

**1.8.4 Revenue/Registration fees determination**

In case of collection of Govt. Revenue or Registration fee for purchase of property required to value the concerned property on which the Govt. fixed the fees as per norms.

**1.8.5 Assessment of Tax**

Valuation of a property determines the actual value of the property for assessment of tax liability.

**1.8.6 Insurance purpose**

The people are very much concerned about the security of their property. For the purpose of insurance valuation the people get their property valuation.

**1.8.7 Other purposes**

Some of the other purposes for which valuation of property is very important requirement are Stamp duty, Dissolution of partnership, auction, housing loan, bank guarantee etc.

## **1.9 Factors Affecting Valuation of Real Estate Property**

The valuation of real estate residential property within the Guwahati Metropolitan City affecting by the following factors:

- Location
- Amenities
- Infrastructure
- Disposable Income
- Commercial potentiality
- Availability of land
- Demand & Supply
- Affordability
- Structure
- Customization
- Local Govt. Policy.

### **1.9.1 Location**

Location is considered as an important factor for residential real estate property. Location is influenced by the land in which locality it is situated. The value of real estate property is based on the value of land. Building or real estate property situated in a prime location hold higher value as compared to Buildings, real estate and properties, located in the lesser developed and upcoming areas.

Real estate property value at any point is a function of supply and demand, while the appearance, the functionality, and the maintenance of the physical structure have a lesser impact. Location refers to many aspects – the state, the city, the neighborhood, the exact place within the neighborhood. Locations within markets with higher population growths, better economies, more developed infrastructures, and off main roads are in higher demand and value of real estate appreciation in the future.

### **1.9.2 Amenities**

The properties with better infrastructural capabilities and modern amenities have higher value than those which lacks proper electric connections, telephone lines, water sewerage facilities and all other infrastructure such as community centers, children parks, swimming pools, gymnasiums, parking lots or general stores. The availability of necessities and facilities connected with comfortable housing, also may impact on the valuation of residential real estate property.

### **1.9.3 Infrastructure**

Infrastructure is one of the most influencing factor in case of pricing of real estate property. The presence of roads, airports, flyovers, malls and bus terminals and other facilities in the vicinity of the property, always results increase in value.

Better Connectivity is one of the most important requirements for investors looking towards purchasing land or property. This leads to rise in the valuation of property which is well connected to entertainment hubs, medical facilities, educational institutions, retail markets and business centers, along with other day to day facilities.

### **1.9.4 Commercial Potentiality**

It is observed that places such as Noida, Gurgaon, Pune, Hyderabad, Navi Mumbai and Andheri - Borivili in Mumbai, are examples of commercial development which have affected the valuation of property in these areas.

The development of malls, IT offices and Special Economic Zones near residential areas help in cutting down the time and energy wasted in commuting to workplaces and increase the price of real estate in the area. Thus the commercial potentiality also influence the price of real estate property.

### **1.9.5 Disposable Income**

Properties which are located in agricultural areas or those dominated by manufacturing units attract a lower price than those situated near the IT hubs. The valuation of property is in direct proportion to the quantum of disposable income in the hands of the purchaser or the majority of population in that area.

### **1.9.6 Availability of land**

The scope of having ample land available for residential purposes or development of real estate, the graph reflecting the valuation of property shows a slower rise than in areas where land is comparatively scarce. The scarcity of land affects the valuation real estate property. More scarcity more price as compared to abundance of land.

### **1.9.7 Demand and Supply**

Demand for real estate in a particular area is inversely proportional to its supply. As the supply or availability of real estate decreases, the valuation of property increases. Changes in population are the key drivers for demand. Along with an increase in the number of people inhabiting a particular area, the popularity of a particular locality in terms of people wanting to be a part of the locality resulting into an increase in the price.

### **1.9.8 Affordability**

Affordability refers to the cost incurred by the owner in the process of enjoying or retaining a property. In layman's term, it is the term which establishes a relationship between interest rates, property prices and wages. If any of above three variables reach their maximum level in a particular area, then the inhabitants start looking towards a better lifestyle elsewhere.



### **1.9.9 Structure**

The valuation of property is dependent on the components of structure, like the specifications of materials used, layout, design, durability and life cycle of the building. The quality and cost of materials during construction, size, current rates of labor, frontage and other physical attributes such as roof covering, height of the building, type of foundation, waterproofing and plinth level, also affect the price of a particular property. High quality of components lead to higher price as compared to economic materials used in structure.

### **1.9.10 Customization**

The cost of real estate becomes higher in case of customised property as per the customer's requirement. For example, some investors may want landscaped terraces or verandahs connected with their apartments, upgraded kitchens, specifically designed internal stairways in duplex apartments, higher quality paint and flooring, or other user defined changes. This may lead to higher prices of the real estate property.

### **1.9.11 Local Govt. Policy**

The Govt. Policy or the Bye Law prepared by the local authority imposed on the Real Estate influences on the unit value of the Real Estate Property. The unit value of Real Estate property directly depends upon the permissible Floor Area Ratio (Base FAR). For example the floor areas of a building will be more with higher Base FAR and less floor areas with lower base FAR in case of a same plot of land. Also higher base FAR decrease the value of proportionate share of land and less base FAR increase the value of proportionate share of land which will directly affect on the unit value of the apartment / building.

### **1.10 Method of Valuation**

Generally there are three main approaches for valuation the Real Estate property. These are :

- ⇨ Sales Comparison Approach Method
- ⇨ Cost Approach Method
- ⇨ Income Capitalization Approach Method

### **1.10.1 Sales Comparison Approach Method**

*The Sales Comparison Approach Method* is commonly used in valuing single-family homes and land. It is also known as market data approach. It is an estimate of value derived by comparing a property with recently sold properties with similar characteristics in a same locality. These similar properties are referred to as comparables, and in order to provide a valid comparison, each must:

- Be as similar to the subject property as possible;
- Have been sold within the last year in an open and competitive market and have been sold under typical market conditions.

### **1.10.2 Cost Approach Method**

*The Cost Approach Method* is generally used to estimate the value of properties that have been improved by one or more buildings. This method involves separate estimates of value for the building(s) and the land, taking into consideration depreciation.

Present market value of a property = Land Value + ( Estimated cost of building and other structures standing on the plot – Depreciation of the building and other structures).

In case of some commercial / residential property situated in exotic /highly commercial demand area, the value arrived by this cost approach method does not reflect the present market value of a property as some additional factors acting on it for

which the present market value of the property much more higher than the value arrived by this method.

### **1.10.3 Income Capitalization Approach Method**

*The Income Capitalization approach Method* is based on the relationship between the rate of return an investor requires and the net income that a property produces. It is used to estimate the value of income-producing properties such as apartment complexes, office buildings and shopping centers. The income capitalization approach can be fairly straight forward when the subject property can be expected to have a future income, and when its expenses are predictable and steady. Apply the capitalization rate to the property's annual net operating income to form an estimate of the property's value.

### **1.11 Need of the Study**

The purpose of this study is to develop theoretical and practical bases of the system of real property valuation in the current conditions of market relations and improving the real property valuation by identifying the characteristics of the factors affecting in valuation of residential Real Estate property within the area of Guwahati Metropolitan city.

### **1.12 System of general practice for Valuation of residential real estate property (flat)**

As per study of collected information from valuation firms and discussion with practicing valuers, the system of general practice for valuation of residential Real Estate property (flat) within Guwahati Metropolitan City Area is done which is described below:

1. Engagement letter from the client for which the valuation to be done.
2. Fix the time and date for inspection of the concerned property.
3. Documents Collection

The following documents should be collected from the client at the time of valuation:

a) Title deed of ownership, b) Jamabandi, c) Mutation documents, d) Non-encumbrance Certificate, e) Up to date Tax receipt, f) Sanctioned Building Plan, g) No Objection Certificate (NOC) for construction, h) Occupancy Certificate or Completion Certificate, i) Possession Certificate, j) Land use certificate/ land convert certificate, k) Deed of agreement and general power of attorney in case of joint venture project etc. in case of ongoing project, l) Deed of Sale in case of completed project or old residential flat.

4. Physical inspection : At the time of site inspection the following activities to be done

a) Identification, verification, scrutiny of documents by site inspection and taking the measurements of the concerned property etc.

b) Collection of information regarding the market rate of land other cost determining factors in the same locality.

5. Select of appropriate method as per suitability and based on the purpose of valuation for which the valuation is to be done, as value varies with purpose and date. The method should be selected from the main three approaches of valuation methods :

a) Cost approach method,

b) Sale Comparison method

c) Income Capitalization approach method.

Sometimes valuers use more than one method to check the authenticity the value as evaluated by previous method.

6. Determination of final valuation as per the respective valuation method.

7. Report preparation for respective value of the property.

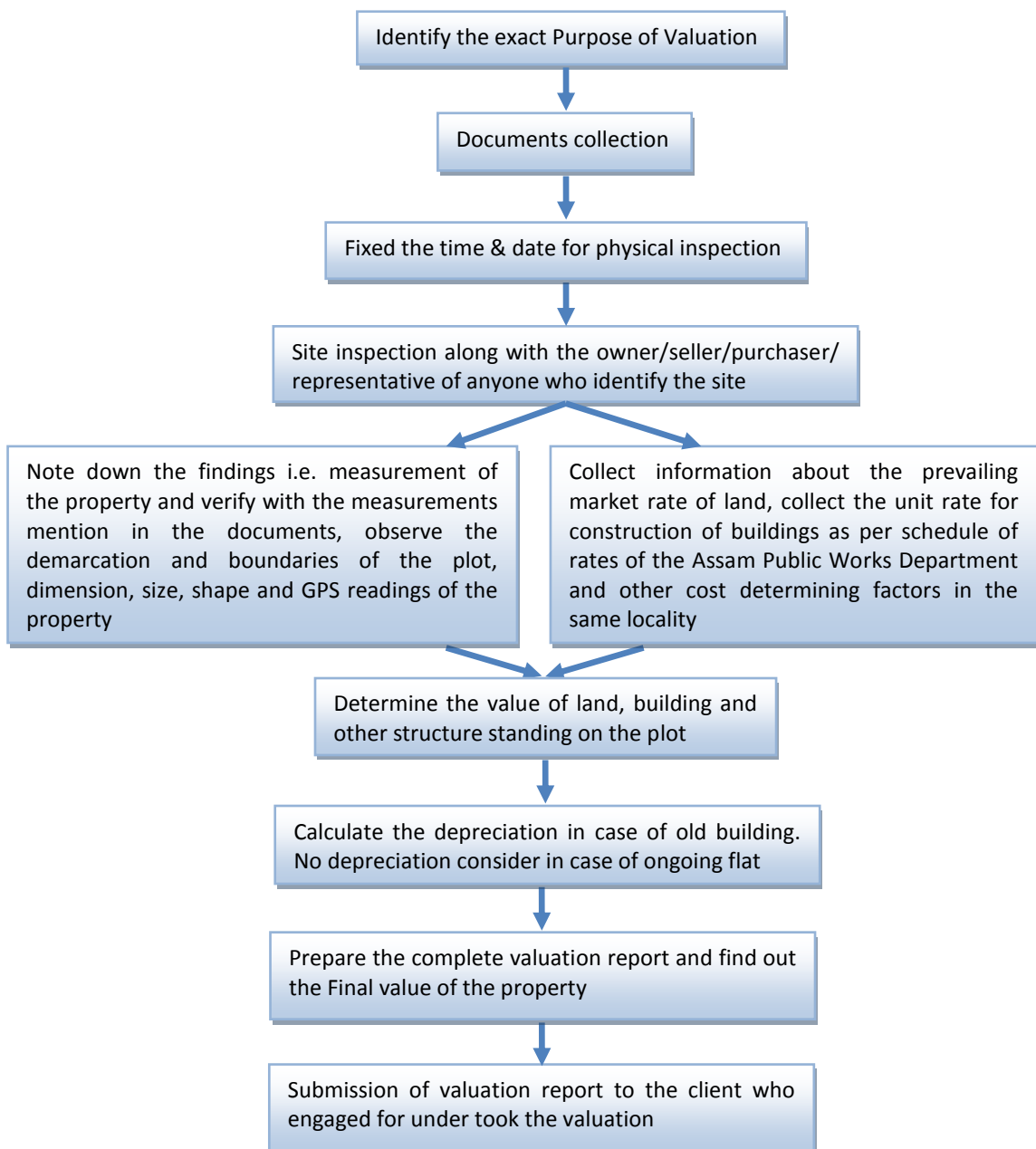
8. Report submission to the client.

### 1.12.1 Procedure involved in case of valuing the Residential Real Estate

#### Property (Flat) by Cost approach method

In this method the present value of land and building with other structures & fixer calculated separately and summation of these is the final value of the property.

#### ⇒ PROCEDURE INVOLVED

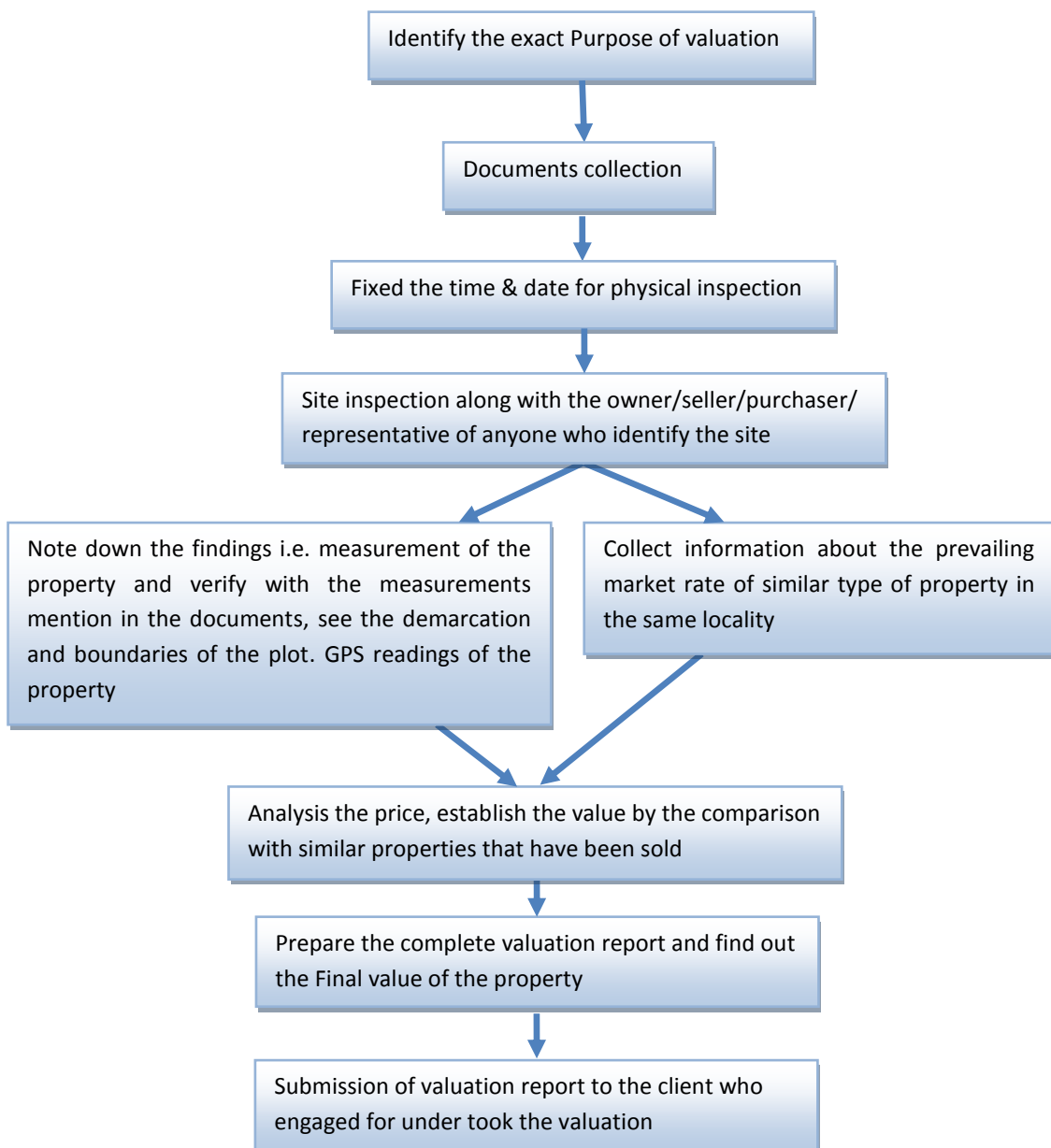


**Fig. 1a**

### 1.12.2 Procedure involved in case of valuing the Residential Real Estate Property (Flat) by Sale comparison approach method

In this method valuation is carried out by the comparison with similar properties nearby. In this method first identify the similar property then analyze the sale prices and determine the value of the certain property.

#### ⇒ PROCEDURE INVOLVED



**Fig. 1b**

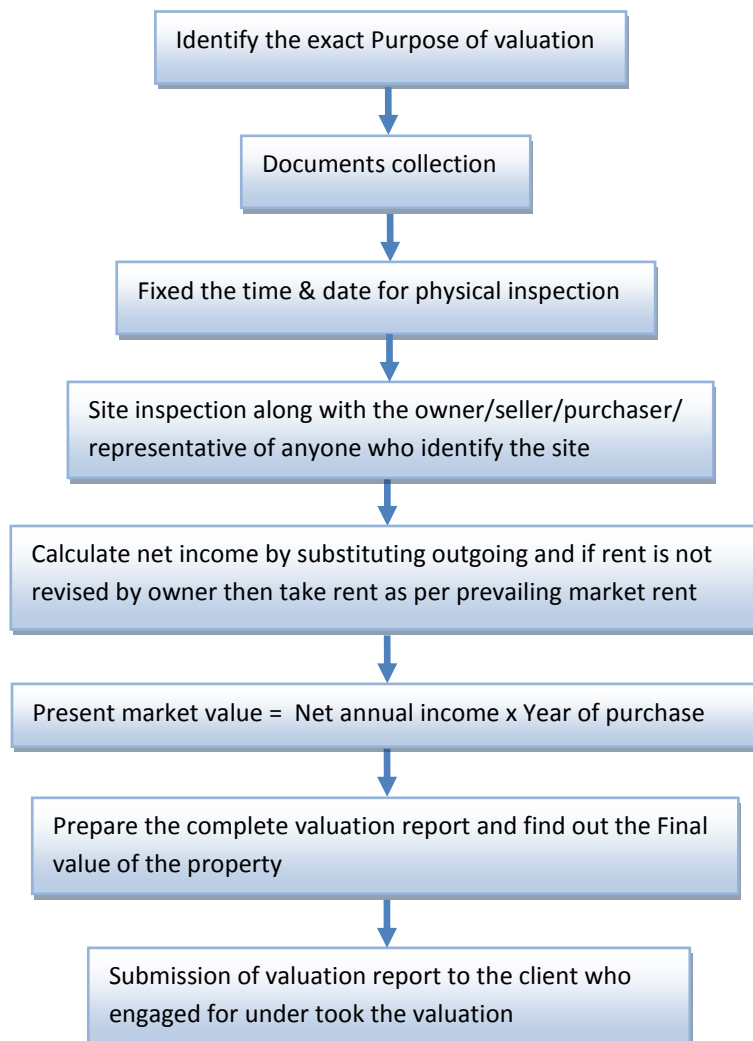
Source: Parmar(208): complied by the researcher

### 1.12.3 Procedure involved in case of valuing the Residential Real Estate

#### Property (Flat) by Income Capitalization Approach method

In this method valuation is calculated as per net income that property may fetch. Value of the property is calculated by net income multiplied by year's purchase.

#### ⇨ PROCEDURE INVOLVED



**Fig. 1c**

N.B.- During the study period it is found that in case of valuation of residential real estate property (flat) within the Guwahati Metropolitan City area the Income Capitalization Approach method is not used.

Source: Parmar(208): complied by the researcher

### 1.13 Process in buying a Residential Real Estate property

#### 1.13.1 In case of Under construction residential flat

At the time of buying a residential flat the buyer followed the process step by step up to getting the ownership as per the cash flow chart mention bellow :

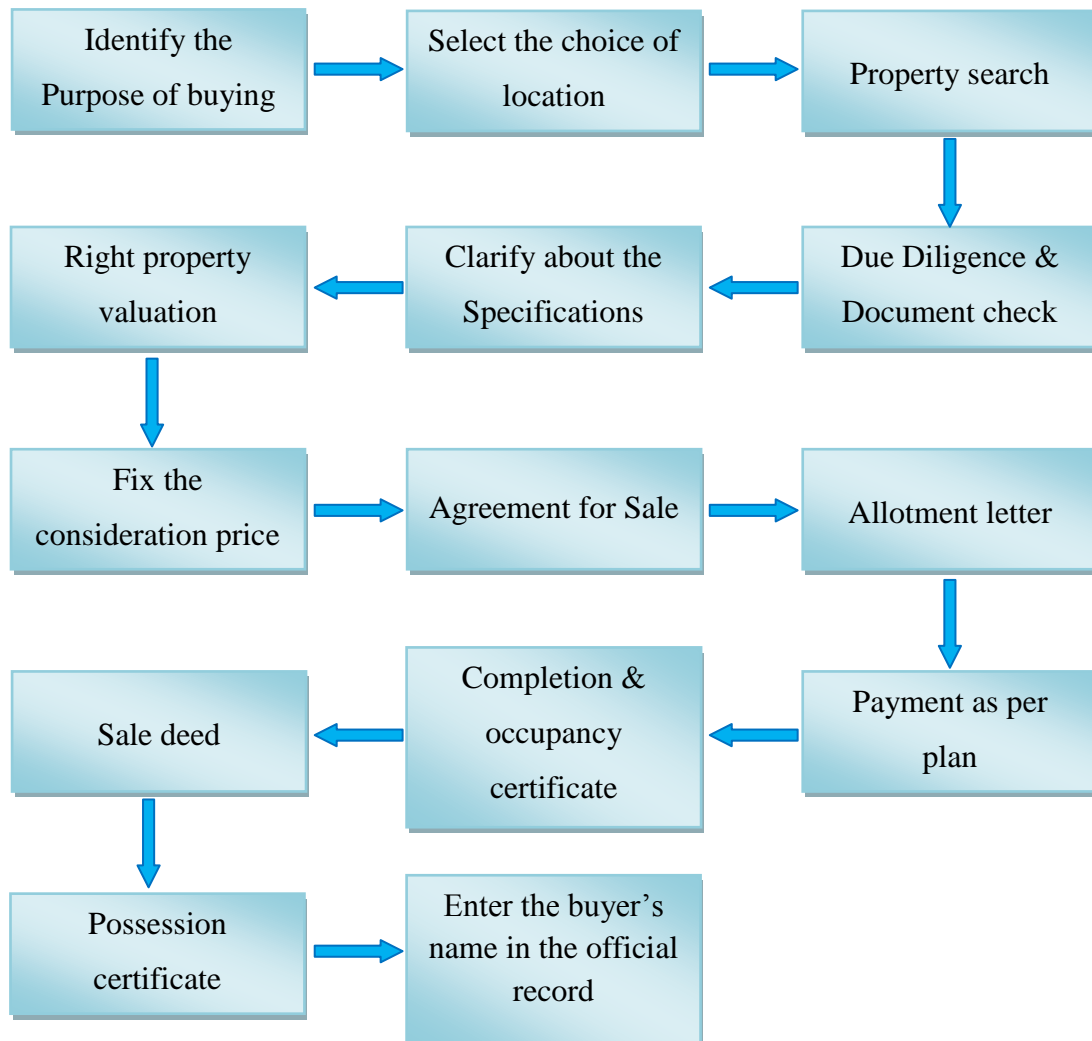


Fig. 2a



**Purpose of buying:** The buyer should identify his purpose of buying the flat. Whether it is for investment, for rent out, for lease out, for self use or other purposes.

**Select the location as per choice:** The location of the property selected by the buyer based on the advantages/disadvantages of the locality as well as the sentiment attached to the locality.

**Search the property in the choice location:** The buyer can search the property by way of Online/ broker/ friends/ advertisement etc. in the choice location

**Due Diligence & Document check:** Collect information about the back ground of the property:

1. RERA Registration Number,
2. Check and verify about the title of the property.
3. Project Approval Number (NOC)
4. Approved building plan
5. Commencement certificate
6. Builder's track record,
7. APF in case of Bank approved project.

**Specification of the flat:** Clarify about the Carpet area, Specifications, amenities, fitting and fixer in the flat.

**Right property valuation:** Expert opinion regarding the valuation of the flat should be taken from professional valuer.

**Consideration of price:** Negotiation with builder and fix the consideration price along with mode of payment.

**Agreement for Sale:** Advance payment to be made to the builder at the time of execution of the Agreement for Sale With the terms and conditions agreed between the buyer and the seller.

**Allotment letter:** The builder issue an allotment letter to the buyer against the particular flat allotted to him in the apartment.

**Payment as per plan:** The buyer should make the full payment to the builder as per the payment schedule.

**Completion & Occupancy certificate:** The builder should obtain the Completion & Occupancy certificate from the concerned authority.

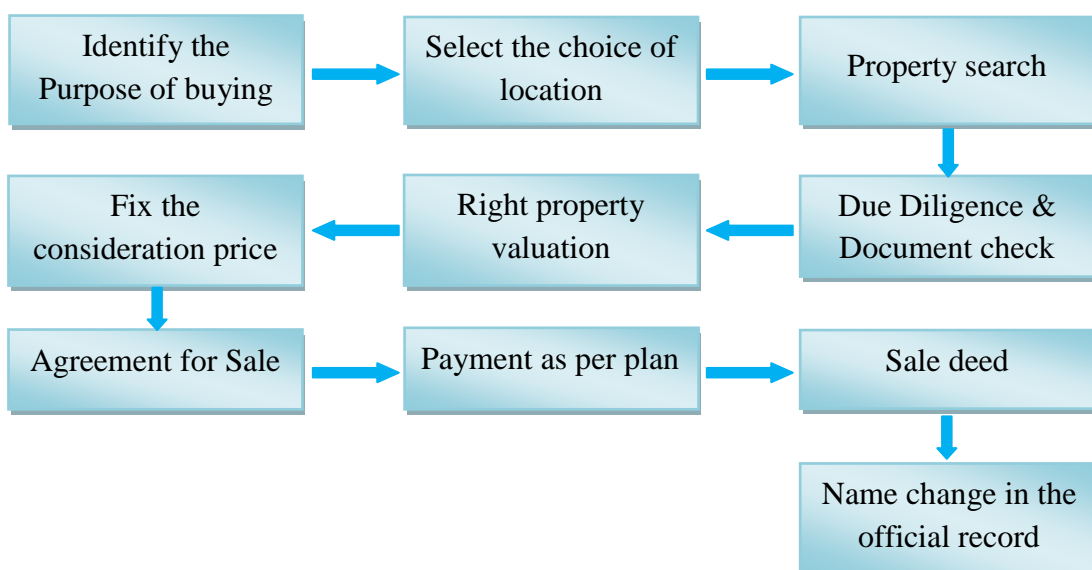
**Sale deed:** After obtained the Completion & Occupancy certificate, the registrar Sale Deed is executed in between buyer and seller through which ownership of the property transferred.

**Possession certificate:** The builder issues the Possession certificate to the buyer after execution of the registered sale Deed.

**Name change in official records:** After obtaining the Possession Certificate, the buyer should correct/enter his name in the official record.

### 1.13.2 In case of Ready to move residential flat

At the time of buying a residential flat the buyer followed the process step by step up to getting the ownership as per the cash flow chart mention bellow :



**Fig.2b**

**Purpose of buying:** The buyer should identify his purpose of buying the flat. Whether it is for investment, for rent out, for lease out, for self use or other purposes.

**Select the location as per choice:** The location of the property selected by the buyer based on the advantages/disadvantages of the locality as well as the sentiment attached to the locality.

**Search the property in the choice location:** The buyer can search the property by way of Online/ broker/ friends/ advertisement etc.

**Due Diligence & Document check:** Collect information about the back ground of the property:

1. Check and verify about the title of the property.
2. NOC for construction
3. Non Encumbrance certificate (NEC).
4. Approved building plan
5. Type of property (lease hold or free hold),

**Right property valuation:** Expert opinion regarding the valuation of the flat should be taken from professional valuer.

**Consideration of price:** Negotiation and fix the consideration price along with mode of payment.

**Agreement for Sale:** Advance payment to be made to the builder at the time of execution of the Agreement for Sale With the terms and conditions agreed between the buyer and the seller.

**Payment as per plan:** The buyer should make the full payment to the builder as per the payment schedule.

**Sale deed:** After make the final payment, the registration of Sale Deed is executed in between buyer and seller through which ownership of the property transferred.

**Name change in official records:** After registered the sale deed, the buyer should correct/enter his name in the official record.

### **1.14 Research Questions**

Although practice of valuation of real estate has, over the years, evolved need for application of various factors influencing such valuation, nonetheless there is absence of absolute uniformity in their application considering diversity in social taste, regulations as well as fluctuating eco-political scene in a particular given area.

Therefore, valuation is always comparative and relative and therefore cannot be a product of captive breeding i.e. is a stereo type product. More than understanding the technicalities of the factors governing valuation of real estate, applicability of a particular factor or factors assumes more significance in a given situation and as such it poses a huge challenge to a professional valuer who is often academically equipped to understand and put into use technicalities of factors governing valuation of real estate properties than applicability of such factors in a particular situation or place which has extraordinary influencing factors like that of eco-political as well as social taste and inherent regulations in the form of legislations.

This study tries to put a sincere endeavour to discuss in details such additional influencing factors governing real estate valuation peculiar to a particular situation to evaluate theoretical aspects for future application for more meaningful and prudent real estate valuation.

There is no similarity in characteristics of the above mentioned factors depending upon Nation, Region, City, Municipal area, outside of Municipal area etc. for which value of a particular property situated in that locality may vary from the other similar constructed property situated in other locality.

Based on the above discussion the following research questions have been emerged :

**1. What is the procedures followed in the Valuation of Real Estate property ?**

This question aims to find out the procedure followed in the valuation of real estate property in Guwahati City, Assam in the context of Indian Real sector.

**2. What are the important factors affecting on Valuation of Real Estate property?**

This question aims to identify the factors affecting the valuation of Real Estate property within the Guwahati Metropolitan City area.

**3. What are the various methods for Valuation of Real Estate property?**

This question aims to find out the various methods for valuation of Real Estate Property in practice.

**4. Which methods are mostly used for the Valuation of Real Estate property in Guwahati Metropolitan city?**

This question aims to find out which method for valuation of Real Estate Property is/are being mostly used in Guwahati Metropolitan City.

**5. What are the challenges in the Valuation of Real Estate property in Guwahati Metropolitan City?**

This question aims to the challenges faced in the process of valuation of Real Estate Property in Guwahati Metropolitan City.

**1.15 Objectives of the Study**

The researcher had set the following objectives for this study :

- (1) To examine the procedure followed in the valuation of Real Estate property.
- (2) To analyse the factors determining the valuation of Real Estate property.

- (3) To examine the various method used in valuation of real estate property.
- (4) To find out the method mostly used in valuation of residential real estate property within Guwahati Metropolitan City area.
- (5) To find out the problems/challenges in the methods being practiced within Guwahati Metropolitan City area.
- (6) To find out the solutions to the problems/ challenges in valuation method of real estate Guwahati Metropolitan City area.

### **1.16 Research Methodology**

The research methodology for this study had been started with the extensive review of literature related to the topic. The review of literature help in developing the conceptual framework of the research area. Literatures related to the research study had been reviewed through journals, books, reports from industry and attended various seminars, conferences to understand the importance of the topic. Informal discussions and meeting with Registered Valuers, Developers, Govt. Officials were also being carried out various issued related to the topic. The nature of this study is explorative and descriptive research. The study is based on both primary and secondary data.

#### **1.16.1 Sample Size and Sampling Technique**

Purposive or non probability sampling technique has been used for the study. Convenience Sampling Method has been used for designing the sample. The sample unit includes Government Registered Valuer, Builders/Developers and individual flat owners. The total number of Government Registered Valuers could not be ascertained from the concerned Government office namely Chief Commissioner of Income Tax, Guwahati. Therefore, it is considered justifiable for the study to take 30 such practicing valuers from Guwahati City. The second category of respondents is Builders/ Developers of residential Apartment. The number of respondents builder/ developers are 70. Out of these 70 respondents 35 number of developers only for

related to costing of residential flats for the year 2015. The third category of respondent is individual Flat owners which is 200 in total.

### **1.16.2 Method of Data collection:**

Data were collected from both Primary and Secondary source. Primary data were collected through well structured questionnaire. Secondary data were collected from secondary sources like reports, Journals, Internet and office literatures. In some cases to have an idea of practice of methods interview had also been conducted amongst the practicing valuers, builders, consultants etc.

Type of data collected from each category as follows :

#### **From Valuers:**

1. Method of valuation followed by the Registered valuers.
2. Factors influencing in valuation of residential real estate property(Flat).
3. Problems faced by the valuers during valuation of residential real estate property (flat).
4. How to solve the problems etc.

#### **From Builders/ Developers :**

1. Source of finance for the project.
2. Mode Selected the valuation method.
3. Rating the level of influence of factors in selecting the valuation method
4. Method of valuation used by the builders
5. Rating the factors in fixing price.
6. Rate the effectiveness of the factors on selecting the valuation method
7. Rating cost determination factors of real estate property
8. Level of Satisfaction in valuation method
9. Problems faced in valuation methods
10. Method followed for appraisal of the project to recover the cost.
11. Problems faced in developing the project

12. Cost /expenses of items related to the total cost of the project. etc.

**From individual Flat owner :**

1. Source of finance for purchase of flat.
2. Mode followed in buying a flat
3. Rating factors in taking decision for buying a flat
4. Problems faced in buying a flat
5. Rating the level of satisfaction in relation to real estate property
6. Purchase price of flats
7. Problems facing after handover a flat. etc.

**1.16.3 Data Analysis**

Statistical tools descriptive statistics, table, graph, histogram, Weighted Mean Score and Ranking, Pearson's correlation coefficient, Kendall's co-efficient of concordance have been used to analyze and present the data collected in the study. SPSS 16.0 Software had been used to analyse the data.

**1.16.4 Research Hypotheses**

Hypotheses are being designed by the researcher to find out the answers to the questions being set for the study. The following Hypotheses have been set for this study :

**Hypotheses 1 H<sub>0</sub>1-** There is no significant agreement among the respondents on the ranking of different attributes.

**H<sub>a</sub>1-** There is significant agreement among the respondents on the ranking of different attributes.

**Hypotheses 2 H<sub>0</sub>2-** There is no significant relationship between margin and valuation method.



**H<sub>a2</sub>** -There is significant relationship between margin and valuation method.

**Hypotheses 3 H<sub>03</sub>**- There is no significant relationship between price and valuation method.

**H<sub>a3</sub>**- There is significant relationship between price and valuation method.

**Hypotheses 4 H<sub>04</sub>** -There is no significant relationship between competitive price and valuation method.

**H<sub>a4</sub>** -There is significant relationship between competitive price and valuation method.

**Hypotheses 5 H<sub>05</sub>**- There is no significant relationship between recovery cost and valuation method.

**H<sub>a5</sub>**- There is significant relationship between recovery cost and valuation method.

## **1.17 Some Important Terminology used in Real Estate Industry**

### **1.17.1 Apartment**

'Apartment' means part of a property intended for any type of independent use, including one or more rooms or enclosed spaces located on one more floor or part or parts thereof in a building intended to be used for residential, commercial or business or such other type of independent use as may be prescribed and with a direct exit to a public street, road or highway or to a common area leading to such street, road or highway. An apartment is also often commonly refer to as a 'flat'.

### **1.17.2 Carpet Area**

Carpet Area is the area enclosed within the walls, actual area to lay the carpet. This area does not include the thickness of the inner walls. It is the actual used area of an apartment.

### **1.17.3 Built-up Area**

Built up Area is the carpet area plus the thickness of outer walls and the balcony.

### **1.17.4 Super Built- up Area**

Super Built Up Area is the built up area plus proportionate area of common areas such as the lobby, lifts shaft, stairs, etc. Sometimes it may also include the common areas such, swimming pool, garden, clubhouse, etc.

### **1.17.5 Common Area**

Common area of an unit means the total common areas such as the lobby, lifts shaft, stairs, etc. Sometimes it may also include the common areas such, swimming pool, garden, clubhouse, etc. divided by the no. of units of the apartment.

Proportionate Share of Land : Proportionate Share of Land is the share of land owned by an individual flat owner when after purchase the flat of an apartment.

### **1.17.6 No objection Certificate (NOC)**

No objection Certificate (NOC) for construction of the building/ apartment/any permanent structures issued by the GMDA/GMC for Guwahati Metropolitan city area.

### **1.17.7 Approved Project**

It is the drawing and plan for construction of the building/ apartment/any permanent structures approved by the local authority i.e. the GMDA and the GMC for within Guwahati Metropolitan city area. Also project should be registered under RERA as per the rule and regulation of Real Estate Act 2016 for land area over 500 Squire Meters or Eight Apartments in the ongoing project.

### **1.17.8 Floor area ratio(FAR)/Floor space Index(FSI)**

Floor area ratio(FAR)/Floor space Index(FSI) is the ratio of the total area of all floors of building including area of walls as well as area of mezzanine floors but excluding staircase, passages elevators and other services areas as permitted by local building bye-laws, to the area of plot.

### **1.17.9 Price**

Price is the amount of money charged by the seller in exchange of any products or services to be paid the prospective buyer which includes the cost of production plus the profit margin.

### **1.17.10 Cost**

Cost is the amount incurred in the production of goods, i.e. it is the money value of the resources involved in producing something.

### **1.17.11 Value**

**Value** implies the utility of worth of the commodity of service for an individual which may varies from individual to individual.

### **1.17.12 Market value**

Market value is the estimated amount in case of exchange a property in between one willing purchaser and one willing Seller in an arm's length transaction

after proper marketing within parties had acted knowledgeably, prudent, without compulsion.

#### **1.17.13 Guideline Value**

Guideline Value is the value adopted for stamp duty is based on the land/building rates fixed by the local authorities for the purpose of stamp duty charges.

#### **1.17.14 Registered Valuer**

A Registered valuer is a competent person who has authority to value of an immovable property. His name must be Registered under Section 34AB of Wealth Tax Act 1957.

#### **1.17.15 Builder/ Developer**

A builder/developer deals real estate business, develop land by build real estate project from beginning to end taking all the risk, obtain the necessary approval from the concerned authority, financial management for the project and marketing of the flats in the project. The Municipal authority issue the Trade License to the builder/developer for running their real estate business. But the builder/developer have to registered their project with RERA in case of land over 500 Square Meters or Eight Apartments in the ongoing project.

### **1.18 Regulatory Frame work on Real Estate**

Real estate involves the sale, purchase and development of land, apartments, buildings, etc, for various purposes. Different aspects of real estate are regulated by different levels of government. Real estate projects are currently regulated by state governments under their respective state town and country planning or apartment ownership Acts. Typically, Town and Country Planning Acts regulate land use and development. Apartment Ownership Acts regulate individual ownership of apartments in buildings with multiple apartments. Approvals for the construction of real estate projects are primarily given at the local and state level. Certain approvals are given by

the central government. Consumer grievances are mainly redressed through forums established under the Consumer Protection Act, 1986. Unfair trade practices may be challenged under the Competition Act, 2012.

Several court cases have addressed issues in the sector such as unfair buyers' agreements and illegal construction. The Competition Commission of India has pointed out that the absence of a single regulator for the real estate sector is partly responsible for poor grievance redressal.

### **1.19 The Real Estate (Regulation and Development) Act, 2016**

The Real Estate Act. provides for establishing regulatory authorities at the state level to register residential real estate projects and seeks to regulate contracts between buyers and sellers in the real estate sector to ensure sale of plot, apartment or building, etc, in an efficient and transparent manner. It also proposes to ensure greater accountability towards consumers, and significantly reduce frauds and delays as also the current high transaction costs. It attempts to balance the interests of consumers and promoters by imposing certain responsibilities on both. It seeks to establish symmetry of information between the promoter and purchaser, transparency of contractual conditions, set minimum standards of accountability and a fast track dispute resolution mechanism.

The Indian real estate industry, particularly the residential sector, was in the past rightly characterized as being unregulated and unorganized with unreasonable project delays and poor quality of construction being definitive aspects.

The arrival of the Real Estate Regulatory Act (RERA) in March 2016 brought in a paradigm shift in the sector and metamorphosed it into a more mature, systematic and regulated one.

RERA came into force on May 1, 2017, and is meant to be a buyer-friendly regime targeted to address their grievances and promote transparency, efficiency, financial discipline and accountability in the sector.

Indeed, buying a home is not only the most cherished dream for many Indians but also one of the biggest long-term financial commitment in the buyers' lifetime.

## **1.20 Important guidelines incorporated in the RERA**

### **1.20.1 Timely delivery**

In case of project delays, buyers have the right to — (i) Seek withdrawal of booking (the developer is liable to refund the entire amount along with interest) and (ii) Go ahead with the project (with the condition that developer will pay interest for every month of delay until the property is ready for possession). The maximum time for refunding the buyer's investment is within 45 days of it becoming due.

### **1.20.2 Checking registration number**

All builders have to mandatorily register their projects under RERA with the respective state regulatory authority and obtain a registration number for every project. Without this, developers are not allowed to sell the project. The project details, construction progress, commencement/occupation and other certificates, sales details, etc. must be updated on the single-point information window i.e. RERA portal, at regular intervals.

### **1.20.3 Escrow account**

Investments can be considered safe, as RERA obliges developers to deposit at least 70% of the buyers' money received for a particular project into an escrow account. This prevents the developers from 'rolling' these funds into other projects. The rolling of funds was a major reason for project delays in the past.

### **1.20.4 Verifying track record**

Buyers can now opt for properties only from reputed developers who are complying with RERA norms and have a good track record and financial stability, which can be verified by buyers.

### **1.20.5 Transparent ads**

Builders can now promote a project only after registering it under the Act. The unique RERA registration number has to be published with every advertisement/brochure, or in any kind of project promotion at all.

### **1.20.6 Carpet area clarity**

The hitherto conventional practice of developers charging buyers on the basis of the super built-up area no longer works. Under RERA, the quoted price has to be mandatorily based on the carpet area of the property.

### **1.20.7 Altering norms**

Around 2/3rd of the buyers' consent in a particular project is necessary in case the developer intends to modify the building or layout plans/specifications/liabilities in the project.

### **1.20.8 Payment plans**

Home buyers can do due diligence before opting for a particular payment plan, a variety of which developers now offer - including flexi-payment, down-payment, possession-linked and construction-linked plans.

### **1.20.9 Cap on booking amount**

Developers can only take 10% of the total property cost as a booking amount while the sale agreement is drafted at later stages.

RERA prohibits developers to accept more than this. If guilty of charging more than 10%, the developer potentially invites a penalty of imprisonment of up to three years.

#### **1.20.10 Register brokers**

As service providers to real estate consumers, property brokers are also liable for all deliverables committed by the developers they represent. Hence, they must register themselves with their respective state Regulatory Authorities.

#### **1.20.11 Reliable redressal**

The Act provides a strong redressal mechanism to consumers by imposing a penalty on developers/brokers for any breach of obligation. Buyers can file complaints against developers/ brokers which will mandatorily be resolved in a span of 60 days from the date of the complaint.

#### **1.20.12 Structural defects**

In case of issues within the building or apartment, such as inefficient plumbing, visible cracks, etc. in the initial five years after possession, developers are liable to rectify the defect in less than 30 days or else give compensation to the buyer.

#### **1.20.13 Title documents**

These vitally important documents were, more often than not, inaccessible to buyers before RERA. Now, they can scrutinize documents related to a project's land title ownership on the RERA website.

#### **1.20.14 End to pre-launches**

RERA has put a complete halt to soft launches, pre-launches and any other interpretations of selling something which doesn't exist as yet. As a result, speculators have now been pushed out and the market has turned extremely buyer-friendly.

While the progress of RERA implementation across states, barring a few, is going at a slower pace than predicted, it is definitely regaining the trust of buyers by consolidating the sector and doing away with unscrupulous players.



### **1.21 The main Laws that Govern the Real Estate within Guwahati Metropolitan City Area**

1. Indian Stamp Act, 1872
2. Indian Contract Act, 1872
3. Transfer of Property Act, 1882(TRA)
4. Registration Act, 1908
5. Guwahati Municipal Corporation Act, 1971
6. Guwahati Metropolitan Development Authority Act, 1985
7. Foreign Exchange Management Act, (FEMA) and FDI Policy, 1999
8. Apartment Act, 2006
9. The Real Estate ( Regulation and Development Act,2016) (RERA)

### **1.22 Delimitations of the research**

Even though the study has focused on the valuation of real estate properties, but there will be some limitations in this study :

1. The study area was within the Guwahati Metropolitan City Area.
2. The study was concentrated only on the valuation of Residential real estate property. The study of Residential Real Estate property included only residential Apartment and flat within the Guwahati Metropolitan City Area.
3. The study has been conducted within the period from 2007 to 2016.

### **1.23 Organisation of the Study**

The study is organized in five Chapters

**1.23.1 Chapter 1 - INTRODUCTION :** It includes introduction about the topic of the research. The introduction part includes the background of Real Estate in India as well as the Real Estate in Assam and background of Real Estate in Guwahati. This chapter also discusses the meaning, definition and types of Real Estate Property. In

this chapter research queries, objective of the study, Method of Valuation, Factors affecting Valuation of Real Estate Property, System of general practice for Valuation of residential real estate property (flat), Process in buying a Residential Real Estate property, Research Questions, Research Methodology, Hypotheses and delimitation of the research have been elaborated. The Regulatory Frame work on Real Estate and the main Laws that Govern the Real Estate within Guwahati Metropolitan City Area also have been discussed in this chapter.

**1.23.2 Chapter 2 - REVIEW OF LITERATURE :** In the chapter-2 in-depth reviews of literature related to the study have been done. The reviews of literature have been carried out with various thematic discussions. The review of the literature has been structured in the following theme:

Real Estate in General –Introduction,

Housing and Urban development

Real Estate Pricing,

Valuation of Real Estate Buying Behavior.

Research gap of the study which have come out from the discussion of review of literature is also been elaborated in this chapter.

**1.23.3 Chapter 3 - PROFILE OF STUDY AREA :** Deals with the profile of Guwahati which include history of Guwahati, Pilgrims' Paradise, today's context, Number of wards and place covered by Guwahati Municipal area and trend of population growth in Guwahati as per census reports have been discussed.

**1.23.4 Chapter 4 - ANALYSIS OF DATA :** Chapter - 4 includes the analysis of data which have been collected through field survey. The analysis of the data have been organized which are related to Govt. Registered Valuers, analysis of data related to Builders/ Developers and analysis of data related to individual flat owners.

This chapter analysis the valuation method used by the Govt. Registered Valuer in case of valuation of residential real estate property and the factors affecting

on the valuation of the residential real estate property within Guwahati Metropolitan city area. This chapter also discusses the problems faced by the practicing valuers at the time of valuation of residential real estate property.

The analysis of the data collected from the builders have reflected the method used by the builders to fixed the price of the residential flats or unit price of the apartment. It also high lights the factors affecting in the price of a flat, problems faced by the builder in developing the project etc.

Again this chapter includes the analysis of data collected from the individual flat owners which high light the purchase price of individual flat, problems faced in buying a flat, problem faced after buying a flat, factors considered at the time of purchase a flat etc.

The hypotheses have been analysed through the use of SPSS 16.0 software to get the Results which are again interpreted .

#### **1.23.5 Chapter 5 - CONCLUSION : SUMMARY, MAJOR FINDINGS, CHALLENGES, RECOMMENDATIONS & CONTRIBUTION TO THEORY :**

This chapter includes the summary of the whole research study. The summary of chapters of the research have been discussed. This chapter also discusses the findings related to Govt. Regd. Valuers, Developers/Builders, individual flat owners and also testing of hypotheses. In this chapter the problems areas in relation to valuation of real estate property have been discussed from the Valuer's point of view, from the Builders/ Developers' Point of View and from the individual flat owner's Point of View. This chapter also recommended the necessary Suggestions as a solution to the problems areas which have been discussed.