

# “RESEARCH ON VALUATION OF AGRICULTURAL LAND AND RESORT- A CASE STUDY AT SHEVAGEDANG (M.S.) INDIA”

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## ABSTRACT:

Valuation is an art of process of estimating value, betting on the circumstances of the case and purpose that valuation is required, at the given time, place and market condition. the target of this study is to spot the value of Agriculture land and guidelines to follow the calculation for land which is situated in semi urban and geographic region of India. This study helps to property owners, farmers to understand the particular condition of land and future scope of the land. The valuation of Agricultural Land helps to plan the longer term growth of the town, approach to town and improve this condition of land.

This project examines the factors affecting the worth and price of Agricultural Land. It highlights the problems relevant to Agricultural Land value in a very market situation of competing use options. In precise use of terms like value, price and valuation and inadequate data make comparisons difficult.

This project discusses the factors that affect the worth of Agricultural Land under different circumstances. The farm lands are agricultural fields on the premise of which, people can earn their livelihood & on the potentiality of their development by constructing appropriate structures over them for tourism, weekend destination, resorts etc.

## INTRODUCTION

By valuation, this value of land/ property is set. In every valuation, land is one in all the important components of valuation.

This landed area could also be Agricultural lands, Open land, Forest land and Rocky and Hilly lands. A land is to be classified into two types viz. agricultural and non-agricultural. The agricultural lands can even classify as purely agricultural and semi-agricultural lands. Further, the agricultural lands within the periphery of a city or a municipality are likely to be declared as urban land.

Broadly lands are often classified as urban lands and farm lands. The urban open lands is also residential/ industrial, and also the value of such lands primarily depends on the potentiality of their development by constructing appropriate structures over them.

## AIM OF STUDY

This study aims to assist the property owners, farmers to investigate the particular condition of land and future scope of the land. The farm lands are agricultural fields on the premise of which, people can earn their livelihood & on the potentiality of their development by constructing appropriate structures over them for tourism, weekend destination etc.

## OBJECTIVES

- To analyze and visualize Agricultural Land data and documents to provide land value information.
- To assess the fair value and distress value of Agricultural Land.
- To determine factors affecting valuation of Agricultural Land.
- To find special situations and their impact on valuation.

- To find suitable methods and Instruments for valuation of Agricultural Land.
- To find the potentiality of agricultural exploitation by constructing appropriate structures over them for tourism, weekend destination etc.

## LITERATURE REVIEW

**Spahr, R., & Sunderman, M. (1999)** demonstrates the employment of hedonic modeling for valuation of property located near Jackson, Wyoming and agricultural property located throughout the rest of Wyoming. The hedonic model accustomed value resort properties is compared with the model wont to value agricultural properties.

By examining each hedonic model, it's apparent that attributes contributing to the worth of resort property are significantly different from attributes contributing to the worth of agricultural property outside of Jackson. Resort properties derive their values from scenic and recreational amenities, existence of streams, sort of vegetation and relative location. Alternatively, agricultural lands located throughout the rest of the state derive value from a mix of productive and nonproductive attributes.

**Golchha & Dr. Pimplikar (June 2016)** The objective of this study is to spot the value of Agriculture land and guidelines to follow the calculation for land which is situated in semi urban and country of Chhattisgarh, India.

This study helps to property owners, farmers to grasp the particular condition of land and future scope of the land. The valuation of Agricultural Land helps to plan the long run growth of the town, approach to the town and improve the current condition of land.

This research work initiates the study of few valuation techniques and past valuation reports data for the calculation of value of the property. This study is useful in dividing the full property into different areas and calculates the realm of land to induce the value of the property.

**S.L Middelberg October 2014** Agricultural Land is that the preferred variety of collateral utilized by financiers to finance South African farmers. the target of this paper is firstly, to see the valuation methods utilized by financiers in determining the worth of Agricultural Land and secondly, to work out the correlation between the Agricultural Land value and its output i.e. product.

It provides the valuers and agriculturalists basis on which valuation approach should be followed, for the aim of internal decision- making, financing or statutory purposes. This paper's contribution is to fill this information gap.

The focus of the study relies on Agricultural Land employed in grain production because the latter plays a pivotal role in providing food security. Although there are similarities within the methodology accustomed determine the worth of livestock and horticultural units, the key difference lies with the calculation of the productive value of the land, which is one in all the numbers of land valuation methods followed. Use of 1 method of valuation against other is additionally vital in making the fair opinion valuable.

## RESEARCH METHODOLOGY

The research work initiated with study of varied valuation techniques and past valuation report data collected from government authorized valuer to search out the value of the land for bank finance purpose. Documents associated with property like sale deed, 7/12 extract, Gut No. and Survey No extract, declaration deed, etc. are studied. For our study of valuation of Agricultural Land, we've got used the **I) SALE COMPARATIVE II) INCOME ANAYLSIS III) RESIDUAL METHOD** for calculating the fair market price of Agricultural properties. the subsequent represents, steps to be used for calculation of fair market price of Agricultural Land in practice.

### A. Data Collection & Analysis

#### I. Determination of kind of Land

- **Cultivated Land has two types.**

**Irrigated Land:** Irrigated cropland means any land that's customarily equipped water by artificial means.

**Non-Irrigated Land:** The Agricultural land where crops are taken only on the idea of natural rainfall during time of year is named Non Irrigated Land.

➤ **Uncultivated Land has two types.**

**Barren Land:** Barren Land describes a part of land where plant growth is also sparse, stunted, and/or contain limited biodiversity and has thin soil layer, sand or gravel.

**Permanent Pastures:** Land accustomed grow grass or other herbaceous forage naturally that's not included within the crop rotation holding for five yrs or longer.

## II. Determination of things affecting Agricultural Land Valuation

Following factors are to be taken into consideration while making analysis using comparative method:

**1. Location**

**2. Size**

**3. Shape**

**4. Frontage and depth**

**5. Return frontage**

**6. Level**

**7. Nature of soil**

**8. Land-locked land**

**9. Restriction on development**

**10. Encumbrances**

**11. Miscellaneous advantages**

## III. Determination of various Methods used for Agricultural Land Valuation

**1. Sale Comparative Method:** it's the foremost popular method. during this method, value of land is estimated by analyzing recent sale prices of comparable land within the vicinity, adjusting the costs to account for any difference in size, shape, location and other features.

**2. Income Analysis Method:** The land residual method begins with an estimate of the income yielded by the developed property. The land value is then calculated, and from that the income owing to the land springs. Capitalizing the remaining income then provides a price for the land. particularly, the existence of depreciation, or any deviation from highest and best use that might distort the income available to the unimproved land, can leave the independent value of the improvements extremely uncertain.

**3. Developmental Method:** This method is employed to estimate value of such land which might be developed to unlock its true value. Important factors under this land valuation method are location, usage, FSI and nature of soil. This method is employed for Lands which don't seem to be developed but bears potential strength to understand to a substantial value if converted to residential/commercial or an industrial layout depending upon the placement, size, shape, frontage & depth etc

**4. Belting Method:** When a plot of massive size is to be valued or when a plot with less frontages and more depth is to be valued, it's logical to adopt the tactic of belting. The plot of land is split into three belts. The depth of first belt is suitably adjusted. The depth of second belt is kept 50% quite that of first belt and therefore the depth of third belt is kept 50% over that of second belt. Consider the dimensions, shape, location and various other factors affecting rate of land, an acceptable rate of land is estimated which is taken for the primary belt. For second belt, 2/3rd of rate of first belt is taken and for third belt, 1/2 of rate of first belt is taken.

**5. Residual Method:** The residual method is applied for developing land or big projects or integrated townships to estimate the worth of an undeveloped land. Residual method is usually applied within the absence of comparable market prices for land into consideration. this can be done by subtracting from the overall value of a development, all costs related to the event, including profit thus arriving at the price of land.

**CASE STUDY**

**Location:** The said property is Agriculture Land & Resort in Gat No. 455 (Part) & 458 (Part), Village Shevagedang, Trambak – Wadivare Road, Tal - Igatpuri, Dist – Nashik.

**Description of Land:** The land is Barren Land located at village Shevgedang. Total area of land 2.42. The village Shevgedang is located 0.7 km from Trambak – Wadivare Road. Igatpuri Taluka is within 20.00 km. from the said land. Vaitarna Dam is very near from the said land. Nashik City is 40.00 km. from the said land. The valuer visited the site on 26/02/2014. There are Eight Tents, Kitichen, Dininig & very scenic location. It is used as weekend Destination & Tourism Purpose.

**Identification of Property:**

**Documents Made Available:** 7/12 Extract - enclosed

**Physical Identification:** After studying the site survey sketch plan as per TLR, Resort drawings & actual situation, some work is under construction .

**Valuation Method Adopted:**

**Sale Comparative Method:** As per sales transactions of above of nearby locality from the year 2000 to 2014 varies and found increasing trend. The average sale price observed Rs. 1,23,75,000/- to Rs. 1,30,00,000/- per hector. As per present Market situation & competition on resorts rate adopted for Valuation is 75,00,000/- Per hector.

**Value of The Land:** The value of the land worked out as per nearby sales transaction. Valuation of Structures on above land is done by land & building method.

**As per present market rate:**

(1) Valuation of Agri. Land	: Gat No.	Total Area	Rate per Hectare	Total Amount
		H.R.	Rs.	Rs.
	455 (P)	1.66	Rs. 75,00,000/-	Rs. 1,24,50,000/-
	458 (P)	0.76	Rs. 75,00,000/-	Rs. 57,00,000/-
(2) Valuation of Tent No. 08			= 25.90 Sq.m X Rs. 7000/-	= Rs. 1,81,300/-
(3) Valuation of Tent No. 2 to 7			= 155.40 Sq.m X Rs. 7000/-	= Rs. 10,87,800/-
But as on date construction work of tents is completed up to 90% of total work considered 90% value of Rs. 10,87,800/- i.e.			= Rs. 9,79,020/-	therefore we have

**(3) Valuation of Kitchen Building** = 126.72 Sq.m X Rs. 9150/- = Rs. 11,59,488/-

But as on date construction work of kitchen building is completed up to 65% of total work therefore  
we have considered 65% value of Rs. 11,59,488/- i.e. = Rs. 7,53,667.20/-

**Total Rs. 2,00,63,987.20/-**

**1] Fair Market Value** Say Rs. 2,00,64,000/-

(In Words Rupees: Two Corer Sixty Four Thousand Only.)

**2] Realizable Value** Rs. 1,90,60,000/-

(In Words Rupees: One Corer Ninety Lacks Sixty One Thousand Only.)

**3] Distress Value** Rs. 1,70,54,000/-

(In Words Rupees: One Corer Seventy Lack Fifty Four Thousand Only.)

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## RESULT AND DISCUSSION

- The Valuation of above property is divided in two parts agricultural land & constructed tents & other structures for Resorts.
- The agricultural Land rate is considered in Hectors by nearby land transection rates.
- The second part Tents & others structures valuation done by building cost method considering depreciation.

## CONCLUSION

- As per yield of agricultural land the valuation of the property is less.
- But as per scenic location, Dam View, Tourism, Weekend Destination etc. purpose we can justify the Market Value of Agricultural Land.
- The Principle of Highest and Best Use (HABU) we will do the valuation of above Property Satisfactorily.

## REFERENCES

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