Chapter VI
(The Factors impact on Zonal Value)

6.1 : The prime indigenous factors considered in assessment of present market value are:

1. Govt. Guide Value,

2. Cost Index,

3. Conversion probability,


5. Local Govt. policy on uses.

6.1.1: Govt. Guide Value:

The Govt. guide value is the schedule list Value used for assessment of current revenue collection through execution of various sale deed, gift deed, etc. The schedule of land value is fixed by local authority like State Government, or autonomous council in India. It is applicable also for premium determination of land allotment by kheraj periodic patta. The schedule of land values is renewed after a period. Guideline Rates as fixed by the Registrar are not market rates and are meant for the purpose of computing stamp duties on sale executions. It is completely differ with the present market value and not represented the actual value of land.

In case of Guwahati City, the Land Revenue & settlement department, under Revenue ministry prepares the schedule of land value time to time in an irregular flow. The schedule was started in 1986 and after that there are four times renewed in 1993, 1996, 2000 and 2003. The last renewed was 2003 which is still continued.

The Govt. Guide value is only the indication of the development of an area measured in average value of per unit area of land. It is not the exact location
represented value. So that it may considered as the schedule value or baseline Value of an area to take an ideas to compare the present values of different zonal area.

6.1.2 : Effects of Escalation :

The value quoted in the schedule is representing the present situation and condition. It is not the indication of future trend, scope and demand. Considering these points, to meet the present Govt. Guide Value of a region escalation must be added to reach the proper representation of present demand of an area. It is better that Wholesale Price Index (WPI) may be considered suitable in India for market value representation which may be used in Govt. Guide Value to get the present Govt. Guide Value for basic data in market value assessment.


6.1.3 : Modify Zoning System :

It is proposed in the present work that for proper representation of the Govt. Guide Value, the created zones of GMDA should be re-defined clearly and map of different zones have to be adequate. A reasoning point must be added to the map that it can be compared with other zonal value within the Jurisdictions of GMDA. A model of zone categories in present demand basis is assumed to avoid the present drawbacks specially for calculation of present market Value of the proposed new simulated model.
6.1.4 : Model of Zones (Based on present demand) for GMDA Area, Guwahati

Categories : (Cat – I) Peak commercial & saturated zone.
Categories : (Cat – II) Peak commercial & Progressed zone.
Categories : (Cat – III) Commercial & Progressive zone
Categories : (Cat – IV) Residential mix zone.
Categories : (Cat – V) Developing zone.

Table 6.1 : Places under different categorized zone:

<table>
<thead>
<tr>
<th>Category Area</th>
<th>Cat – I</th>
<th>Cat – II</th>
<th>Cat – III</th>
<th>Cat – IV</th>
<th>Cat – V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fancy Bazar, Panbazar, Maskhowa, Athgaon, Kumarpara, G.S. Road (100m)</td>
<td>Fancy Bazar, Panbazar, Maskhowa, Athgaon, Kumarpara, G.S. Road (100m)</td>
<td>Chandmari Bharalumukh, Rehbari, Maligaon, Bamunimaidan</td>
<td>4 Lane H.W. Mother Terrasa Road, M.G. Road, Raigarh Road etc.</td>
<td>Khanapara, Sixmile, Bhangagarh, Hatigaon, Kahilipara, Lokhra, Lalganesh, Rupnagar, Birubari, Fatasil, kamakhyagate, Gotanagar, Pandu, Jalukbari, Kharghuli, Noonmati, Gandhibasti, Hengrabari, Tarun Nagar, Lachitnagar etc (Range upto 1 km.</td>
<td>Bonda, Panikhaiti, Ganesh-nagar, Pamohi, Rani, Azara, Amingaon etc.</td>
</tr>
</tbody>
</table>

6.1.5 : Importance of the new categorization:

Each category of zone bears the special characteristics of comparative demand so that nobody is deprived and gets equal justification for their dealing. It may not represents the exact present price of unit area of land plot rather it represent the present market demand with comparison of other zones. The comparison factor may be as under. The Govt. Agency/Department may fix the different Guide line Value in and within these comparison factors.
Categories of Area in Zone

Fig 6.1: General Assessed Value of different Zone.

(This is one of the general and primary leading factor for acceptance for present market value of land plot. It is an aggregate potential demand of an area having accumulated provision and facilities or infrastructure available in the area. The area is further subdivided in different categories of location. Such as: - Pure Commercial, Semi commercial, Industrial, Residential and progressive area. The present economic demand of the area basically reflects the existing provisions & accommodation with futuristic prospect for high demand. This factor is to be of two folds: **Fixed and optimum uses area** and **Progressive area**.)
6.2.1: Cost Index:
Cost index is the most essential to reach the present market demand of the assets. Whenever the other factors are same, only cost Index is applicable to assess the present demand of the assets as a escalation of price. Although there are various types of cost Index applied for different purposes, the Wholesale Price Index (WPI) is suitable for assessment the asset valuation.

Table 6.2: Wholesale Price Index (WPI):

<table>
<thead>
<tr>
<th>Year</th>
<th>91-92</th>
<th>93-94</th>
<th>95-96</th>
<th>97-98</th>
<th>99-00</th>
<th>01-02</th>
<th>03-04</th>
<th>05-06</th>
<th>07-08</th>
<th>09-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>12.7</td>
<td>10.1</td>
<td>8.4</td>
<td>12.6</td>
<td>8.0</td>
<td>4.6</td>
<td>4.4</td>
<td>3.3</td>
<td>7.2</td>
<td>3.8</td>
</tr>
<tr>
<td>II</td>
<td>6.9</td>
<td>5.6</td>
<td>5.5</td>
<td>6.5</td>
<td>4.42</td>
<td>4.63</td>
<td>4.56</td>
<td>8.41</td>
<td>3.18</td>
<td></td>
</tr>
</tbody>
</table>

1 - (Year), II - (Inflation)

Source: Reserve Bank of India, Central Statistical Organisation, Finance Ministry etc.

Indian Economy: Some Indicators (as on 1st April, 2010)

Since the rate of Inflation varies every year, the value of land also changes accordingly.

6.3: Conversion Possibility:
Due to exploration and general migration towards urban area, the population of the city increasing continuously. Presently 73% of people are living in rural area in Assam and presently, Guwahati has become the centre of almost all modern activity and trends including Capital of Assam, Trade, Education, Health & Cultural centre of Assam. Guwahati stands now as the heart of the North East whereas it is known as the Gateway of East-West Corridor. Therefore, due to present opportunity and future scope in the city, the rural person prefers to stay in this city temporarily or permanently. In view of this, the GMDA proposed a master plan for 2025. (Chapter II, 2.2.4 (a)] . In this Master plan there are many areas proposed which are to be developed providing required Infrastructures like water supply, communication,
Electricity, security, health centre etc. so that the city will expand for socio economic development and employment generation. In this plan the State government proposed some agriculture area to convert industrial/residential area, greenbelt to residential/industrial area, residential to market area etc. only for the expansion and development of the city.

The different areas considered for conversion from lower demand to higher demand, which is the cause of increase of land value:

i) Agriculture to Residential / Industrial/Commercial

ii) Residential to Commercial /Industrial

iii) Green belt to Residential/Industrial belt.

The Government declaration about the abolition of Green belt and allowing construction for living and trading uses and subsequently declaring the agriculture/residential areas as Industrial area in which it may claim for subsidy and other industrial facilities leads the more demand, which drastically changes the present value.

6.4 : Common facilities:

Common facilities are considered as the status of the development of that particular area. An area is considered as developed or in developing stage depending upon the common facilities available in the area. The civic amenities like school, college, Govt. hospital, bus stand, market, offices, recreational club, cultural centre etc. are also included in this head. Besides these, the drainage system, road surface network, police station, fire station, streetlight, urban water supply, nursing home etc. area also under the category of common facilities. A parameter of the common facilities is
considered as the individual leading factor of the property value situated at a concern place. The value of land nearest to the above facilities begs more value than farther situated plot. In residential point of view, the unit value is inversely proportional to the distance of above facilities. Since the individual parameter is not responsible dependently, the average distance is considered which may revealed in radius distance. Ex. 100 meter radius, 1.00 km radius, and so on mathematically it can be represented as -

In mathematical expression it may be shown as

Present value $V_{(C,0)} = \text{Inversely proportional to the square of distance (radius)}$

$$V_{(C,0)} = \frac{1}{d^2} \quad (d \text{ – is the distance (in radius) of an assumed circle in km})$$

![Fig 6.2(a) Distances of Civic amenities (1.00 km radius)](image1)

![Fig 6.2(b) Distances of Civic amenities (3.00 kms radius)](image2)
6.4.1: Observation:
To understand the demand of civic amenities, we can assume two different plots situated at different locations having similar approach road network. The civic amenities are available for both the plots are also similar within difference distances. In above two situations, in fig 6.2(a) the civic amenities are available within 1.00 km, and in fig 6.2(b) the civic amenities are within 3.00 kms. Now analyzing the demand of civic amenities, it is observed that the present market value of the plot fig 6.2(a) is higher than the plot fig 6.2(b).

6.5: Govt. Policy on uses:
Govt. policy for selection of special activities, allotment of land for various reputed establishment, declaration of special subsidy/exemption etc. may change the face of the area. In this situation the value of land in that area is raised suddenly. Declarations of sarusajai game village, declaration of North Guwahati Satellite city are the good examples of the Govt. Policy for development of the city. Few negative results are also found whenever Government make decision to widening the existing comparatively narrow road to a wider road. In that case the road adjacent plot may encroachment by the competent authority to fulfill the purposes. In this circumstances the value of the roadside plot become less for fearing of Govt. endorsement. Thus the effect of the policy change automatically leads the present market Value indigenously. The new declaration of Govt. in respect of expanding the boundaries of the city, the market Value of new area is increased remarkably, irrespective of the existing infrastructure.