

242

**METHODOLOGY FOR COMPUTING MRV OF LAND, BUILDING,  
PLANT & MACHINERY**

The Corporation is computing MRV on the basis of the guidelines issued from time to time.

An overview about the existing policy regarding MRV may be briefed as under :-

**NEED OF COMPUTING MRV**

**For appraisal purpose**

- a. To assess value of prime security for applications received under FAAS/Saral/Good Borrower Schemes.
- b. To estimate the value of collateral security being offered by the applicant in compliance of PC&CC decision or norms of the Corporation (like for WCTL, Good Borrower cases etc.)

**For FR purpose**

To ascertain the value of assets taken into possession so that it may be convenient to take a decision while approving the sale of the unit/at the time of settlement of the case under OTS.

MRV of all the units is calculated on annual basis for forwarding the data to SIDBI.

1. **METHOD OF COMPUTING MRV OF LAND (PG Circular 1089 dt.2.11.04)**

a. **RIICO INDL. AREAS**

Cost of land is based on the average of sub registrar rate and RIICO rate (whichever is higher) and the market rate.

b. **NON RIICO INDL. AREA**

Where sub registrar rate is less than the market rate, cost of land is based on the average of sub registrar rate and market rate.

If sub registrar rate is more than the market rate, the cost is based on market rate alone instead of average rate.

- Due weightage is given for slow/fast moving indl.area, major factors like shape of land, amount spent on development, locational advantage, etc.
- RIICO dues are deducted from the value of land calculated as per above norms.

(i) **REVISION IN NORMS FOR MRV OF LAND IN RESPECT OF FR MATTERS**

(Circular No.MTC-81/182 dated 06.02.2008)

In place of calculating MRV by adopting the average method, MRV of land is to be taken as 1.15 times of the average value worked as per prevailing system.

Or

85% of market rate, whichever is less.

The procedure is applicable to cases registered for settlement under OTS, sale of units and other FR matters. No change in procedure for calculating MRV for appraisal purpose was made.

(ii) **FURTHER REVISION IN PROCEDURE FOR MRV COMPUTATION OF LAND FOR FR MATTERS**

(Circular No.MTC-81/539 DATED 25.01.2010)

- MRV of land is to be calculated on the basis of RIICO/DLC rate where the market rate is less than RIICO/DLC rate.
- MRV of land is to be calculated on the basis of average rate (market rate and RIICO/DLC rate) in cases where market rate is equal or more upto 40% than RIICO/DLC rate.
- MRV of land is to be calculated as 1.15 times of the average rate or 85% of market rate (whichever is less) in the cases where market rate is 40% above RIICO/DLC rate.

**SOURCES OF ASCERTAINING MARKET RATE**

(Circular No.RFC/MTC-81/16 dated 22.07.2010)

- Purchaser/seller of recently transacted land in the area.
- Sub registrar's office for the actual sale transactions recently taken place.
- Any government officer/panchayat officer/local or revenue authorities situated in the nearby vicinity.

- Neighbors/promoters of nearby land/industrial units.
- Rate realized in recent sales by the corporation/RIICO/any government agency/UIT.
- Real estate dealers in that area.
- Rate earlier considered by Chartered valuer of Corporation, if any.

Details of sources contacted along with their complete name, address, telephone no., date of contacting etc., are to be specifically mentioned in the valuation report.

For ascertaining market rate any two sources (one government source is must), are to be contacted.

**MRV OF BUILDING & PLANT & MACHINERY ETC.**

- a. The present building construction rate adopted by the corporation on the basis of BSR rates (X-3) are applied for arriving the present construction cost. Impact of depreciation and other factors is given thereafter.
- b. Purchase price of P&M forms the basis for working out depreciated value. Impact of depreciation and other facts is given thereafter.

**Enclosures :**

1. PG Circular 1089 dated 2.11.04.
2. Circular MTC-81/182 dated 6.2.08
3. Circular MTC-81/539 dated 25.1.10
4. Circular MTC-81/16 dated 22.7.10