Office of the Inspector General of Registration,

Chennai - 28.

CIRCULAR No.2, dated 27.2.2018

File No. 9644/L1/2018

Sub: Fixation of Value–Registration of undivided share of land in flat (RESIDENTIAL APARTMENTS) – Value fixation – clarification – regarding.

Ref:
1. Inspector General of Registration Letter No.29310/L1/2009, dated 28.03.2012.
2. Inspector General of Registration Letter No.53106/L1/2012, dated 2.11.2012.
3. Inspector General of Registration Circular No.1/2014, dated 27.1.2014 (File No.3321/L1/2014).

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Attention is invited to the circulars cited wherein certain clarifications were issued in respect fixing house site rate to a new layout, when a document is presented for Registration.

1) In the reference first cited, it was instructed that when a agricultural land is converted into layout or single house site, fixation of site rate to the survey number has to be done by the Sub Registrar concerned.

2) In the reference first cited, it was also instructed as below,

"Even if market value guidelines value of a particular survey number already bears a house site rate, and if a new layout is formed in those survey numbers, then also, by following due procedures, house site rate has to be fixed for the new layout."

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Thus it has been clearly instructed that a new house site rate has to be fixed in the cases where a new layout is formed notwithstanding the fact whether the particular survey number is having agricultural rate or house site rate.

3) In the reference third cited, the power to fix new house site rate for the newly formed layouts in the market value guidelines was given to the District Registrars as per the decision taken in the Valuation Committee meeting dated 24-1-2014. As per the above proceedings, if a document comprising a plot in a newly formed layout is presented for registration, the concerned Sub Registrar should send a proposal to the District Registrar within three days and the District Registrar concerned should inspect the site and make enquiry regarding market value of the layout and fix the value for the layout accordingly.

The rate so fixed should not be lower than the highest house site rate (if any) of survey numbers comprised in the layout and of the surrounding survey numbers. As far as individual house site is concerned, the Sub Registrar concerned can fix the house site rate by considering highest value in the corresponding and surrounding survey numbers.

Thus as far as new layout is concerned, the concerned District Registrar has been authorized to fix the value and for individual house site, the concerned Sub Registrar has been authorized to fix the value.

4) At this juncture it is pertinent to mention that the above circulars do not mandate for the fixation of new house site value when a UDS land (relating to a proposed Apartment/Flat) which is already bearing a site rate in the MVGL Register is presented for registration. Therefore, only in the cases, where the concerned Survey Number or the Street does not bear site rate, the question of fixing a new house site rate for the UDS land relating to a proposed Apartment/Flat would arise.

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It is a well known fact that Market Value Guidelines rates are fixed for streets in urban areas and for survey numbers in semi urban and rural areas. Therefore it has to be clearly understood by the Registering Officers that the aforesaid circulars provide for fixation of values/rates only for a street/layout or a survey number as the case may be and not for individual property. Hence fixing a new rate for a UDS land meant for proposed Apartment/Flat would result in creeping up of anomaly in the Market Value Guidelines values.

For instance if in a particular street, a new flat premises is proposed to be promoted and if a new rate, higher than the street value is fixed by the District Registrar or Sub Registrar for that particular premises, then for the same street two rates would be found in the MVGL Register. Moreover this would lead to a unrealistic scenario, wherein the land comprised in the flat premises would be having a much higher value in the MVGL Register than the Street value. It is needless to point out that a UDS land would not fetch more value in the market than other full hold lands situated in the same street.

But certainly there would be a difference in open market rates of plots when compared to a larger land. During formation of a new layout, approximately 1/3 of the land is consumed for formation layout roads/pathway, park etc. Thus the proportionate value/rate of these 1/3 common areas and development charges are added in the cost of the plot by the layout promoter. Thus it is quite evident that the rate of plot in a particular vicinity would be higher than the larger undivided land. Considering the above factors which affect the market value of layouts, circulars cited above were issued so as to fix a new rate wherever a new layout is formed even in the cases where survey number comprised in the layout is already having site rate.

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This kind of situation will not arise in the case of flat/apartment premises as the area of pathway left out are added in area of UDS land. Thus there would not be any increase in the cost of UDS land attributable to common areas.

It is reported in the case of State of Punjab Vs. Mohabir Singh ((1996) 1 SCC 609) that "the guideline provided by the state would only serve as prima facie material available before the registering authority to alert him regarding the value. It is common knowledge that the value of the property varies from place to place or even from locality to locality in the same place. No absolute higher or minimum value can be pre-determined. **It would depend on prevailing prices in the locality in which the land covered by the instrument is situated**. It will be only on objective satisfaction that the authority has to reach a reasonable belief that the instrument relating to the transfer or property has not been truly set forth or valued or consideration mentioned when it is presented for registration." The judgment of the Hon'ble Supreme Court clearly states that the price would depend upon the locality in which the property is situated.

5) Although there are no specific orders mandating fixation of a new rate for the newly promoted apartment, it came to the notice of the IGR that a few Sub Registrars have unnecessarily sent proposals to the concerned District Registrar for fixation of new value for the flat premises and the District Registrars have also mechanically fixed a new rate. In such instances, based on the new rates specifically fixed for flat premises, notices were sent to the flat purchasers to pay deficit Stamp duty and Registration Fees which has caused undue hardship to them. In order to avoid these kinds of instances following clarifications are issued;

(i) In cases of newly promoted flat/apartment which is situated in a street already having street value, the same street value should be followed

to the flat premises also. In such cases, no new rate should be fixed for the newly formed flat premises.

(ii) In cases of newly promoted flat is formed in semi urban or rural areas and the concerned survey number(s) is/are having the same site rate, then the site rate should be followed without fixing any new rate.

(iii) If a newly promoted flat is formed in semi urban or rural areas and the concerned survey numbers are having different site rates, then the highest site rate among the concerned survey numbers should be followed as each and every saleable UDS spreads over all the survey numbers.

(iv) If a newly promoted flat is formed in semi urban or rural areas and the concerned survey numbers are having agricultural rates or some of the survey number are having agricultural rate and others are having site rate then, fixation of new site rate has to be done following the procedures spelt out in the references cited.

This circular should be followed scrupulously without giving room for any complaints. Receipt of this circular should be acknowledged by all Deputy Inspector Generals of Registration. DIGs are instructed to obtain and file acknowledgement from the concerned District Registrars and in turn District Registrars to obtain and file acknowledgement from concerned Sub Registrars.

Sd/-(27.02.18)
Inspector General of Registration

To,

All DIGs of Registration
All DRs (Admin) and (Audit)
All Sub Registrars.

/By order/

Addl.IG of Registration(GL)

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