Land Valuation in Nepal

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Outline

• Context
• Legal Provision
• Traditional valuation and new approaches
• Valuation of affected land
• Trees, crops and structures
• Challenges and initiatives
Context:

- Varied geological feature and limited land for agriculture and residence
- Livelihood mostly rely on land and agriculture (agriculture contributes highest GDP)
- Infrastructure development has huge demand with increased capital expenditure
- Increasing urban migration and trends of ribbon development
- Poor information management system and outdated land acquisition law
- Lack of scientific land valuation guideline or methods

Land acquisition and valuation is most critical in Nepal.
Legal Framework

• Land Acquisition Act 1977 (LAA)

• By definition of act: "Land" means any land belonging to any person, and walls, buildings, trees, etc., permanently installed thereon.

• Compensation determination committee is mandated to decide the land value.
  – the committee consists of 4 members with a provision of invitee members
  – the committee may form sub-committee consisting experts to recommend rates and values based on field assessment.

• Land value in the form of cash.

• Differential compensation for owner losing entire land or part of it.
LAA Provisions

- Indicators for valuation

  - guidelines issued by Government of Nepal from time to time in respect to the fixation of compensation

  - losses as a result of relocation of residence or business due to land acquisition.

  - price of the land at the time of the publication of a notice of land acquisition under Section 9,

  - value of the crops, houses, walls, sheds, etc, if any, acquired along with the land,
Annual review of land rates

• Minimum registration rate

• Every year in the beginning of fiscal year land revenue office in each district determines the rate considering:
  – Record of land transaction
  – Access to the land
  – Increase in public utilities
  – Development of the area

• Huge gap between government rate and actual market price

• Pay taxes and duties on top compensation (grey area)
Valuation of other assets

- Valuation of structure
  - Based on norms developed by department of urban development and building construction
  - Per unit rates based on type of building and construction materials
  - Norms allows for deduction of depreciation
Valuation of other assets

- Forest and trees based on forest norms
- Timber, firewood and fodder allowed to take by owner
- Transportation and labor cost for felling, staking and transportation to the house
- Value of religious attachment added in a exceptional cases
- Lump sum valuation for tree
- Crops and fruits based on agriculture office norms.
### Key challenges and initiatives

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<th>Challenges</th>
<th>Initiatives</th>
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<td>• Valuation of non-title holder land</td>
<td>• New Land acquisition, resettlement and rehabilitation policy approved.</td>
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<td>• Land with customary claims</td>
<td>• Concept of independent valuator and establishment of land valuation authority</td>
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<td>• Loss of livelihood strategy and income sources</td>
<td>• Increased ownership of international good practices with implementation of development partner financed projects</td>
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<td>• Gap between government rate and market value</td>
<td>• Capacity development training and exposure visits</td>
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<td>• Establishment of replacement cost (financing taxes and duties)</td>
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<td>• Cost and time overrun due to delay in land acquisition</td>
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Thank You