

**Special Symposium on Resettlement and Livelihoods**  
**20-22 February 2017**  
**Manila, Philippines**

## **Land Valuation in Nepal**



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# Outline

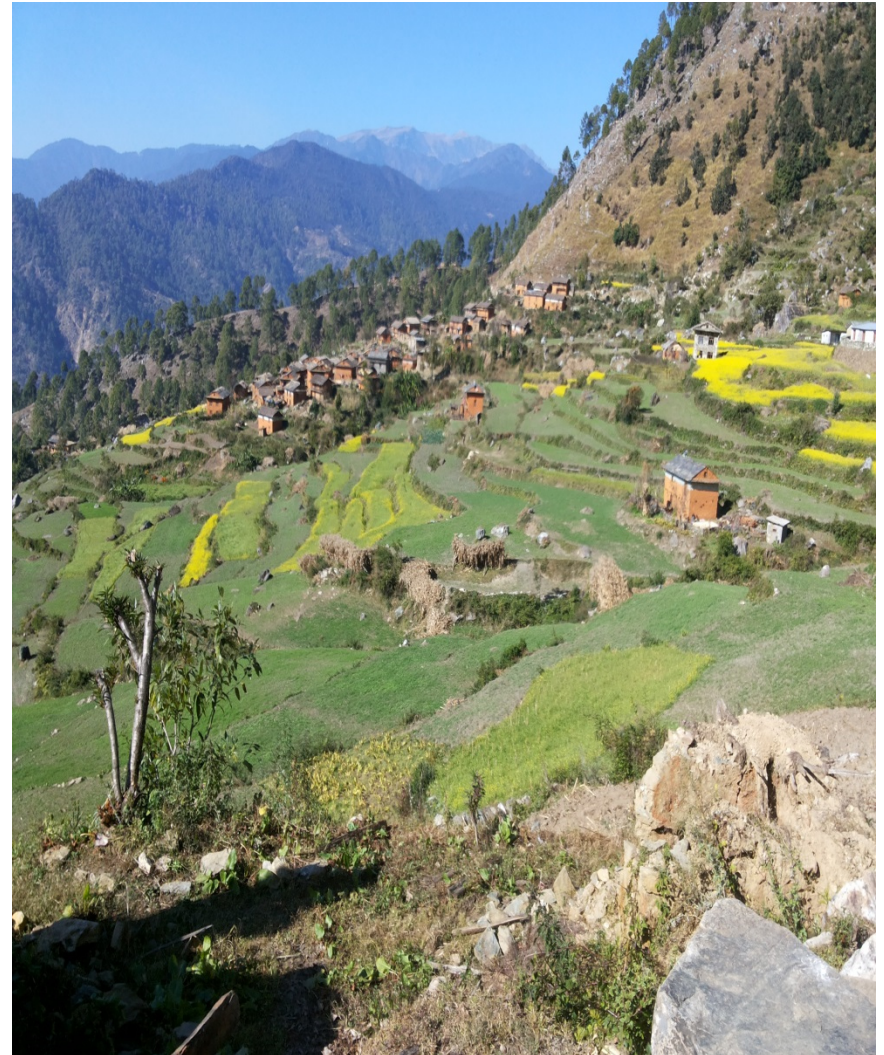
- Context
- Legal Provision
- Traditional valuation and new approaches
- Valuation of affected land
- Trees, crops and structures
- Challenges and initiatives





## 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- Poor information management system and outdated land acquisition law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



ADB

# 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 exceptional cases
- Lump sum valuation for tree
- Crops and fruits based on agriculture office norms.





# Key challenges and initiatives

## • Challenges

- Valuation of non-title holder land
- Land with customary claims
- Loss of livelihood strategy and income sources
- Gap between government rate and market value
- Establishment of replacement cost (financing taxes and duties)
- Cost and time overrun due to delay in land acquisition

## • Initiatives

- New Land acquisition, resettlement and rehabilitation policy approved.
- Concept of independent valuator and establishment of land valuation authority
- Increased ownership of international good practices with implementation of development partner financed projects
- Capacity development training and exposure visits



Thank You

