# **VOLUME II (ANNEXURES)**



Ministry of Corporate Affairs Government of India

**April**, 2020

Everything we hear is an opinion, not a fact. Everything we see is a perspective, not the truth.

**Marcus Aurelius** 

### **ANNEXURE A**

### No. 12/9/2019 - PI GOVERNMENT OF INDIA MINISTRY OF CORPORATE AFFAIRS

5<sup>TH</sup> Floor, 'A' Wing, Shastri Bhawan Dr. Rajendra Prasad Road, New Delhi-110001 Dated: 30-08-2019

#### ORDER

Sub: Constitution of a Committee of Experts to examine the need for an Institutional framework for regulation and development of valuation professionals regarding

A Committee of Experts with the following composition is hereby constituted to examine the need for an Institutional framework for regulation and development of valuation professionals:

S.No.	Name (S/Shri)	Position
1, 2, 3, 4, 5, 6, 7,	Dr. M.S. Sahoo, Chairman, IBBI Prafulla Chhajed, President, ICAI Balwinder Singh, President, ICOAI Ranjeet Pandey, President, ICSI B. Sriram, Ex-CEO & MD, IDBI Bank Prof. R. Narayanaswamy, Professor, IIM Bangalore Ajay Bahl, Founding Partner, AZB & Partners Manoj Pandey, Joint Secretary, MCA	Chairperson Member Member Member Member Member Member Member Member Adember Member

- Terms of Reference of the Committee are as follows:
  - a) Institutional framework for regulation and development of the valuation profession and its scope;
  - Regulatory architecture, including the extent of self-regulation and statutory regulation, Governance of the regulatory institutions; Monitoring of the conduct and performance of valuers and disciplinary mechanism;
  - c) Mechanism for development of a cadre of valuers, including for the current practitioners and freshers who wish to have a career in valuation profession; knowledge development and management, databases, technology etc.;
  - d) Provision of valuation services, including market structure, valuation standards;
  - e) Transitional arrangement for Registered Valuers/other valuers & Registered Valuers Organizations (RVOs);
  - f) Resource planning for all the above;
  - g) Any other aspect that may be referred to the Committee by the Government or the Committee may consider relevant.
- The Committee may also engage experts from the relevant field, if required.

- Secretarial assistance to the Committee will be provided by the Insolvency and Bankruptcy Board of India (IBBI).
- The Committee will submit its report to this Ministry within 3 months from the date of its constitution.

(Tharvinder Singh) Under Secretary to the Government of India

Tele: 011-23389782.

To:

- Dr. M. S. Sahoo, Chairperson, 2nd Floor, Jeevan Vihar Building, Parliament Street, New Dolhi-110001.
- Sh. Prafulla Chhajed, Member, President, ICAI, ICAI Bhawan, Indraprastha Marg, Post Box No. 7100, New Delhi-110002.
- Sh. Balwinder Singh, Member, President, ICoAI, 3, Institutional Area, Lodhi Road, New Delhi - 110003.
- Sh. Ranjeet Pandey, Member, President, ICSI, ICSI House, 22-Institutional Area, Lodi Road, New Delhi-110003.
- Sh. B. Sriram, Member, Ex- CEO & MD, IDBI Bank, Plot No. 32, Sector-4, Dwarka, New Delhi-110078.
- Prof. R. Narayanaswamy, Member, Indian Institute of Management, Bangalore, Bannerghatta Road, Bengaluru-560076.
- Sh. Ajay Bahl, Member
   Founding Member, AZB & Partners, Unit No. 4B, 4th Floor, Hansalaya Building, Barakhamba Road, New Delhi-110001.
- Sh. Manoj Pandey, Member Secretary and Convenor, Joint Secretary, Min. of Corporate Affairs, Shastri Bhawan, New Delhi -110001

## Copy for information to:

- 1. PS to Hon'ble CAM
- 2. Sr. PPS to Secretary, CA
- Sr. PPS to Additional Secretary
- JS(K)
- JS(G)
- Executive Director, IBBI with the request to provide secretarial assistance to the said Committee.

(Tharvinder Singh)

Under Secretary to the Government of India

Tele: 011-23389782,

#### MINUTES OF 1"MEETING OF THE COMMITTEE OF EXPERTS

The 1<sup>st</sup> Meeting of the Committee of Experts constituted to examine the need for institutional framework for regulation and development of valuation professionals (CoE) was held at 10AM on 14<sup>th</sup> September, 2019 in the Conference Room of the Insolvency and Bankruptcy Board of India at Mayur Bhawan, Connaught Place, New Delhi.

2. All Members of the CoE were present, as under:

Sl. No.	Name	Affiliation	Role in CoE
1	Dr. M. S. Sahoo	Chairperson, Insolvency and Bankruptcy Board of India	Chairperson
2	Mr. B. Sriram	Ex-CEO & MD, IDBI Bank	Member
3	CA, Prafulla P. Chhajed	President, Institute of Chartered Accountants of India	Member
4	CS. Ranject Pandey	President, Institute of Company Secretaries of India	Member
5	CMA, Balwinder Singh	President, Institute of Cost Accountants of India	Member
6	Mr. Ajay Bahl	Founding Partner, AZB & Partners	Member
7	Dr. R. Narayanaswamy (Through Skype))	Professor of Finance and Accounting, Indian Institute of Management, Bangalore	Member
8	Mr. Manoj Pandey	Joint Secretary, Ministry of Corporate Affairs	Member- Secretary and Convenor

3. The following attended the meeting by invitation:

St. No.	Name	Position	Organisation
1	Mr. Tharvinder Singh	Under Secretary	Ministry of Corporate
2	Mr. Dileep Singh	Asst. Section Officer	Affairs
3	Dr. Navrang Saini	Whole Time Member	Insolvency and
4	Dr. Mukulita Vijayawargiya	Whole Time Member	Bankruptcy Board of
5	Mr. Pawan K Kumar	Executive Director	India
6	Mr. Debajyoti Ray Chaudhari	Chief General Manager	
7	Mr. Amit Sahu	Dy. General Manager	
8	Mr. Deeptanshu Singh	Assistant Manager	
9	Mr. Abhishek Mittapally	Assistant Manager	
10	Ms. Namisha Singh	Assistant Manager	
11	Ms. Manmayi Sharma	Research Fellow	Vidhi Centre for Legal
12	Mr. Akash Ch. Jauhari	Research Fellow	Policy
13	CA Atul Kumar Gupta	Vice President	Institute of Chartered
14	Ms. Shanu Goel	Sr. Executive Officer	Accountants of India
15	Mr. Daksh Trivedi	Partner	AZB Partners

- Dr. Sahoo welcomed the members and invitees to the meeting. He thanked Government for constituting the CoE and thanked the Members for joining the CoE.
- Mr. Pandey shared the intention of Government of India behind constituting the CoE. He briefly described the previous efforts made in this regard, including constitution of an Expert

Group in 2008 and drafting of Valuation Professionals Bill which may be considered by CoE as the base document.

6. The CoE took note of the backgrounder circulated vide mail dated 11<sup>th</sup> September, 2019 alongwith its annexures. It noted its terms of reference and its obligation to submit a report within three months from date of its constitution. Considering challenges and opportunities in an evolving market economy, it decided to propose a malleable, but robust framework, which would serve the economy and the valuation profession in the days far ahead and engender a cadre of not just valuation professionals, but the most valuable professionals and which could be a model for other professions.

- 7. Mr. Amit Sahu made a detailed presentation covering the following:
  - (a) a historical perspective of valuation profession in India;
  - (b) attempts made in the past to provide an institutional framework for the profession (Wanchoo Committee, Irani Committee, Amit Mitra Committee, etc.);
  - (c) salient features of draft Valuation Professionals Bill, 2008 (2008 Bill);
  - (d) salient features of the Companies (Registered Valuers and Valuation) Rules, 2017 (2017 Rules);
  - (e) progress in implementation and experience with the implementation of the 2017 Rules;
  - (f) institutional framework for other professions such as Chartered Accountants, Legal Practitioners, Medical Practitioners, Insolvency Professionals, etc.
  - (g) contemporary thought on regulatory architecture and design, particularly, the work of the B. N. Srikrishna Committee (2014), and the Competition Law Review Committee (2019);
  - (h) brief details of representations received from stakeholders seeking the composition of the CoE and making suggestions on terms of reference of the CoE; and
  - (i) a set of probable issues for deliberation by the CoE.
- 8. Based on detailed deliberation, the CoE noted as under:
  - (a) The reforms since 1992 focussed on creating a market economy through provision of economic freedom (freedom to start, continue and discontinue business).
  - (b) A market economy is serviced by a set of specialised regulators which operate in an incomplete legal framework (skeleton legislation with substantial subordinate legislation).
  - (c) A market economy heavily relies on robust institutions for efficient and sustainable provision of goods and services.
  - (d) The quality of institutions explains the differential performance among the economies.
  - (e) The focus of reforms has shifted to institutional reforms to sustain economic freedom.
  - (f) There is increasing organisation of economicactivities necessitating the services of a variety of professions.
  - (g) Professions are important institutions of a market economy. Their influence in the making of the society and the economy has been growing over the years.
  - (h) Professionalisation to a large extent determines the competitive edge of nations and sustainability of prosperity.
  - Professionals discharge secondary state functions. They are the extended arms of the regulator and work towards furthering the objective of the state.
  - (j) The business environment and the role of professions in the economy has been changing.
  - (k) Thinking about design of architecture for development and regulation of professions has been changing.
  - (1) Thinking about the role and design of regulators is changing.

- (m)The report of the Competition Law Review Committee released in July, 2019 provides the state-of-the art regulatory architecture. The work of the Financial Legislative Reforms Commission (2013), B. N. Srikrishna Committee (2014), HLC on Disciplinary Mechanism (Meenakshi Dutt Ghosh Committee) (2017 etc. reflect contemporary thought on design of regulators.
- (n) A Regulator is a mini state which discharges quasi-legislative, executive and quasi-judicial functions simultaneously having potential of public law concerns.
- (o) The soul of a profession is the trust and reputation it enjoys. The institutional framework should aggressively build and protect trust and reputation from day one.
- (p) An institutional framework typically comprises three key elements, namely, standards for valuation, development of profession, and regulation of profession of valuers.
- (q) A vibrant and dynamic profession requires investment in research, knowledge management and technology.
- (r) While a regulator of a profession competes with market for its developmental activities, it is monopoly in the space of regulation.
- (s) The model for delivery of developmental initiatives has considerably changed with emergence of market economy and intensive use of technology.
- (t) The valuation profession has a long history in India, probably for about a century.
- (u) Different statutes and authorities in India require valuation of assets for different purposes and at times prescribe the manner of such valuation.
- (v) There is no comprehensive institutional framework that imparts respectability to the valuation profession while holding the valuation professionals accountable for their services.
- (w) The institutional framework to be proposed by the CoE should be least disruptive, incremental and grounded on market realities. It should build on existing institutional framework.
- (x) The institutional framework should be state-of-the-art, be malleable to the dynamic context and make use of latest technologies.
- (y) The time is opportune to come up with an institutional structure for regulation and development of valuation profession, as the market has already accepted 2017 Rules and are anxious to have a statutory framework.

#### 9. Members of the CoE expressed views as under:

- (a) The 2008 Bill and the 2017 Rules are broadly similar. The thinking behind the 2008 bill and the practice under the 2017 Rules could be a useful starting point for the CoE.
- (b) The framework to be proposed by the CoE may not limit to valuations under the Companies Act, 2013 (Act) and the Insolvency and Bankruptcy Code, 2016 (Code) only. Valuations under any other law may be factored in development of the institutional framework and a valuer may be enabled to conduct valuations outside the Act and the Code. The framework may cover all valuations in a phased manner depending on experience and the needs of the time. It should, however, be incentivised and facilitated and may not be made mandatory.
- (c) The rationale for prohibiting a subsidiary, joint venture or associate company from being registered as a valuer under the 2017 Rulesis not clear.
- (d) An assessment may be made if the framework should provide for valuations in niche areas such as intangibles, arts, forestry, etc., whether by having a dedicated asset class or otherwise.
- (e) It may be advisable to distinguish the assets based on size / value for the purposes of valuation and to provide for two categories of valuers. One category may value small value assets, while the other values high value assets. A valuer valuing small value assets may have a mechanism to graduate to the other category.

(f) Legal and medical profession allow external entities to groom professional for registration and regulation by Bar Council and Medical Commission respectively. The three professional Institutes groom the professionals themselves and register and regulate them. In the former, regulation and development are broadly with two agencies, while it is mostly with one agency in the later.

(g) The extant model requires a person having a basic qualification and experience in a related discipline to top up his knowledge to become a valuer. Possibly, along with this, freshers may be allowed to complete a comprehensive course like LLB, CA, MBBS to

groom tailor-made valuers.

(h) Assuming a two-tier model, the IBBI may have a vertical to play the role of the first tier for a few years before it is transferred to a full-fledged separate body.

(i) Regulator should be given autonomy for the intended purpose. However, it should also be fully accountable. Regulator should have robust procedures for discharge of quasi-

legislative and quasi-judicial responsibilities.

(j) The Disciplinary mechanism followed by the three professional institutes segregates violations in to two Schedules. Schedule I offences are reported to Board of Discipline, while Schedule II offences are reported to a Disciplinary Committee. There can be similar division of responsibilities between two tiers. Recommendations of Meenakshi Dutta Ghosh Committee in respect of ICAI, ICSI and ICOAI may also be studied for guidance.

(k) If developmental and regulatory functions are housed in two bodies, developmental body may have elected representatives, while regulatory may not.

(I) Outsourcing the disciplinary proceedings to non-elected members may not be appropriate as they may not be able to do complete justice as they do not have the experience of practice as a professional.

(m) The governing board of the regulatory body may avoid elected representatives. It may also avoid practising valuers to avoid conflict of interest. However, it should have eminent citizens on the board in the interest of democratic legitimacy. It must have a mechanism to access the market knowledge for making regulations. The model of demutualised stock exchange could be examined.

(n) There will be a huge scrutiny on the valuation profession, and the proposed institutional framework should be ready for the same. For this to happen, enough provisions with respect to transparency and accountability are to be made.

- (o) World Bank has guidelines on setting up of institutions. These Guidelines may be studied.
- (p) International practice and experience of valuation profession may be studied.

10. The CoE identified the followingissues for deliberation as they have a bearing on design of the institutional framework:

- (1) Vision of Valuation Profession
- (2) Review of Valuation Profession Internationally
- (3) Review of Valuation Profession in the Country
- (4) Review of Other Professions in the Country
- (5) Market for Valuation Education
- (6) Market for Research and Knowledge Management
- (7) Market for Valuers
- (8) Market for Valuation Services
- (9) Exclusivity
- (10) Profession vis-a-vis Technology
- (11) Statutory Regulation Vs. Self-Regulation Vs. Regulated Self-Regulation
- (12) One Tier Vs. Two Tier Regulation

- (13) Regulation Vs. Development Vs. Standards
- (14) Role of Each Tier in Regulation / Development of Valuers / Market
- (15) Scope and Approaches of Development
- (16) Scope and approaches for Research
- (17) Scope and Approaches of Regulation
- (18) Governance of Each Tier
- (19) Accountability of Each Tier
- (20) Independence of Each Tier
- (21) Resources of each Tier
- (22) Scope of Statutory Legislation
- (23) Scope and Manner of Making Subordinate Legislation
- (24) Scope and Manner of Making Byelaws
- (25) Monitoring and Enforcement
- (26) Scope and Manner of Quasi-Judicial Functions
- (27) Scope and Manner of Making Valuation Standards
- (28) Eligibility to be a Valuer: Qualification, Experience, Entity
- (29) Independence and Accountability of Valuer
- (30) Code of Conduct and Ethics
- (31) Protections for Valuers
- (32) Dealing with Grievances of Valuers
- (33) Dealing with Grievances against Valuers
- (34) Reputation of the profession
- (35) Phasing: Short / Medium / Long Term
- (36) Grandfathering
- (37) Transitional Arrangement for IBBI
- (38) Transitional Arrangement for RVOs
- (39) Transitional Arrangement for RVs, and
- (40) Malleability of Framework.
- 11. The CoE decided to have about 10 roundtables with stakeholders professionals and users to elicit their views and understand their needs better. It was decided that IBBI will facilitate these roundtables in different cities over next 30 days, with the help of trade and industry bodies, RVOs and professional institutes. IBBI will prepare a structured questionnaire based on the issues listed in Para 10 above. The questionnaire would be circulated to stakeholders beforehand and will be used to elicit response from them in round tables. They may also have option to submit written response to the questionnaire. Members of the CoE will join these roundtables to the extent possible. CA Chhajed offered premises of ICAI for holding roundtables.
- 12. A copy of the book 'Regulation in India: Capacity, Design, and Performance; edited by Mr. Devesh Kapur and Mr. Madhav Khosla was made available to Members for better understanding of issues.
- 13. Keeping in view the representations and the need to have complete perspective, the CoE decided to invite the following experts to its meetings:
- (a) Mr. Vinay Goel, CEO of IOV Registered Valuers Foundation
- (b) Mr. Kirit P. Budhbhatti, Principal, Budhbhatti & Associates
- (c) Mr. Varun Gupta, Managing Director, Duff & Phelps
- (d) Mr. Somasekhar Sundaresan, Advocate, and
- (e) Mr. Nitin Kapoor, Director, Operations and Business Development, South Asia, RICS.

14. It was decided to have the next meeting of the CoE at 10AM on 24th October 2019.

Date: 14<sup>th</sup> September 2019 CHAIRPERSONNew Delhi

#### MINUTES OF 2<sup>ND</sup> MEETING OF THE COMMITTEE OF EXPERTS

The 2<sup>nd</sup> Meeting of the Committee of Experts constituted to examine the need for institutional framework for regulation and development of valuation professionals (CoE) was held at 10.00 AM on 24<sup>th</sup> October, 2019 in the Conference Room of the Insolvency and Bankruptcy Board of India at Mayur Bhawan, Connaught Place, New Delhi.

2. The following Members of the CoE and Invitee Experts were present:

No.	Name	Affiliation	Role in CoE
1	Dr. M. S. Sahoo	Chairperson, IBBI	Chairperson
2	CA Prafulla P. Chhajed	President, ICAI	Member
3	CS Ranjeet Pandey	President, ICSI	Member
4	Mr. Ajay Bahl	Founding Partner, AZB & Partners	Member
5	Dr. R. Narayanaswamy	Professor, IIM, Bangalore	Member
6	Mr. Manoj Pandey	Joint Secretary, MCA	Member-Secretary
			and Convenor
7	Mr. Kirit P. Budhbhatti	Principal, Budhbhatti & Associates	Invitee Expert
8	Mr. Vinay Goel	Managing Director, IOV RVF	Invitee Expert
9	Mr. Nitin Kapoor	Director, RICS	Invitee Expert
10	Mr. Somasekhar Sundaresan	Advocate	Invitee Expert
11	Mr. Varun Gupta (through VC)	Managing Director, Duff & Phelps	Invitee Expert

3. The following attended the meeting by invitation:

No.	Name	Position	Organisation	
1	Mr. Tharvinder Singh	Under Secretary	Ministry of Corporate	
2	Mr. Dileep Singh	Asst. Section Officer	Affairs	
3	Dr. Navrang Saini	Whole Time Member		
4	Mr. Pawan K. Kumar	Executive Director		
5	Mr. Debajyoti Ray Chaudhari	Chief General Manager		
6	Mr. Amit Sahu	Dy. General Manager	Insolvency and Bankruptcy	
7	Dr. Kokila Jayaram	Dy. General Manager	Board of India	
8	Mr. Deeptanshu Singh	Assistant Manager		
9	Mr. Abhishek Mittapally	Assistant Manager		
10	Ms. Namisha Singh	Assistant Manager		
12	CA Atul Kumar Gupta	Vice President	ICAI	
13	Ms. Sarika Singhal	CEO-Designate	ICAI RVO	
14	Mr. Daksh Trivedi	Partner	AZB Partners	
15	Mr. Harsh Kabra	Senior Associate	AZB Fartilets	
16	Mr. Akash Ch. Jauhari	Research Fellow	Vidhi Centre for Legal Policy	
17	Mr. Nimish Gupta	Managing Director	RICS	
18	Mr. Gurvinder Rana	Chief Regulation Officer	KICS	
19	Mr. Tanuj Bhatnagar	Registered Valuer	IOV RVF	

- 4. Dr. Sahoo welcomed the members, experts and invitees to the meeting.
- 5. The CoE approved the minutes of its 1<sup>st</sup> meeting held on 14<sup>th</sup> September 2019.
- 6. The CoE took note of the following material circulated vide mail dated 22<sup>nd</sup> October, 2019:
- a. Feedback received at 11 roundtables,
- b. Feedback received from 11 RVOs,

- c. Inputs of Dr. Narayanaswamy received through his mail dated 2<sup>nd</sup> October, 2019,
- d. Inputs of Mr. Budhbhatti received through his mail dated 6<sup>th</sup> October, 2019,
- e. Summary of feedback received on online platform of IBBI, and
- f. feedback received through a few mails.
- 7. Mr. Amit Sahu apprised that as decided in the 1<sup>st</sup> meeting of the CoC, extensive consultations have been held with stakeholders to solicit their views on the identified issues. He stated that 11 roundtables were organised in nine cities to seek views of stakeholders. Detailed submissions have been received from 11 RVOs on each issue. Further, 920 feedback have been received from public on various issues through the online platform of IBBI. Besides, a few mails providing feedback have also been received. Mr. Sahu made a presentation on the feedback received from various sources under four broad sets of issues, as under:
  - a. Development of Valuation Profession;
  - b. Regulation of Valuation Profession;
  - c. Regulation of Market for Valuation Services; and
  - d. Transitional Arrangement.
- 8. The CoE deliberated these issues in detail with a view to develop valuation profession as a profession of choice, which enjoys trust and respect of the society while being accountable for its services. It was, however, mindful of the ground realities in terms of existing regulatory framework and the ecosystem, practices in profession domestically and internationally, state-of-the-art regulatory architecture and practices, and the feedback of the stakeholders. These minutes capture the broad consensus on the issues. The details of rationale for arriving at the consensus will be dealt in the report.
- 9. Development of Profession: The following views emerged:
- (a) An enduring and enviable profession requires induction of young talent. The framework should enable and attract young talent to join the profession.
- (b) The framework should define broad entry norms for the profession in terms of educational qualifications and enable the regulator to prescribe the details and to modify the same with changing needs.
- (c) An individual may join the profession on completing either of the courses:
- (i) a two-year professional course on valuation, which includes an internship of one year, if he has a degree or equivalent qualification in any of the identified disciplines relevant for an asset class; or
- (ii) a four-year integrated professional course, which includes an internship of one year, if he has passed class XII.
- (d) Both the two-year and four-year courses may be delivered by academic institutes, universities and RVOs, accredited by the regulator. The regulator may develop capacity of the accredited institutions and do initial handholding by way of programmes such as train the trainers. It may prescribe the syllabus and control the quality of delivery by accredited institutions. These courses should not be normal academic course requiring UGC/AICTE approval. These should be professional courses enabled under the Statute of the profession.
- (e) Both the two-year and four-year courses may be available for each asset class, where a part of the course is common to all asset classes and the other part is unique to an asset class.
- (f) To start with, the courses as well as registration of valuers may be available for three asset classes, namely, Land & Building, Plant & Machinery, and Financial Assets. However, the number of asset classes may be increased or decreased with changing needs. The scope of an asset class may also be increased or decreased. For example, Land & Building may include agriculture, plantation, live-stock, etc.

- (g) The admission to the four-year course should be made through a centrally administered entry examination to have the right talent with right aptitude for the profession. The admission to two-year course may be left to accredited institutions.
- (h) The accredited institutes should compete among themselves to provide superior quality valuers.
- (i) The fee charged by an accredited institution should be market driven. The regulator may be enabled to intervene should such a situation arise.
- (j) On completing the courses, an individual may pass a centrally administered examination to demonstrate his ability for registration as a valuer.
- (k) Since the education includes practical training in the form of internship, no experience may be required for registration as valuer.
- (1) There may not be any age requirement to become or cease to be a valuer.
- (m) The valuers may be required to undertake continuing professional education.
- (n) The valuers may be admitted as associate members to start with. They may progress to become fellow members after a certain number of years of experience and/or on demonstrating certain professional achievements.
- (o) The regulator may undertake advocacy for the valuation profession but must not lobby for work for valuers. The focus should be on developing capacity of the profession and not canvassing work for it.
- (p) The regulator may undertake and promote research in initial days. However, the accredited institutions, as a condition of accreditation, may be required to produce certain minimum research publications. This is essential for producing world-class valuers who can service anywhere in the world with credibility.
- 10. Regulation of Profession: The following views emerged:
- (a) Two-tier regulatory architecture may be adopted, like the profession of insolvency professionals. However, care should be taken to ensure that their jurisdictions do not overlap, and the authority of the first tier is not undermined. The second tier should have predominantly a developmental role, while the first tier (regulator) has predominantly a regulatory role.
- (b) The statute may create and provide for the details of the regulator and enable the regulator to provide for details of the second-tier regulator through regulations. Such regulations should provide the standard norms of governance as are applicable to the regulator.
- (c) There were two views as to whether the enrolment of an individual with the second-tier should be a precondition for registration as valuer with the regulator. While the statute may not require enrolment with the second-tier, the statute may leave it to the wisdom of the regulator. It is expected that the regulator would require enrolment with the first tier as a precondition in the initial days, which could be dispensed with as the profession matures.
- (d) There were two views about the composition of the Governing Board of the regulator:
- (i) The model recommended by the Competition Law Review Committee may be adopted. Governing Board may comprise Chairman, wholetime members (WTMs) and matching number of part-time members (PTMs). All of them shall be appointed by Government. The PTMs would be eminent citizens who would provide democratic legitimacy. The law may create an Advisory Committee comprising of valuers and other direct stakeholders, who would deliberate issues and make recommendations, which the Governing Board must be obliged to consider before taking a decision in the matter.
- (ii) The Governing Board may comprise Chairman, wholetime members (WTMs) and matching number of part-time members (PTMs). Some positions of PTMs may be earmarked for valuers. They may be nominated / elected by RVOs.
- (e) The regulator may have three distinct wings, namely, quasi-legislative wing, executive wing and quasi-judicial wing to ensure separation of powers. The quasi-legislative wing may be headed by an Administrative law member.

- (f) The law may list out all possible contraventions and misconduct by a valuer along with possible penal/remedial consequences, including warning, penalty and cancellation and prosecution. The RVOs and the regulator, based on their monitoring and oversight, should place all contraventions before the quasi-judicial wing for appropriate orders. Mr. Kapoor and CA Chhajed were requested to attempt a list of contraventions and the maximum penalty for such contraventions.
- (g) The regulator may designate an / a panel of adjudication officer(s) not below a certain level to conduct quasi-judicial proceedings and dispose of show cause notices by a reasoned order, following principles of natural justice. The regulator should make available the material relied upon to press the charge as also the material which undermine the charge. The order passed by the adjudicating officer may be appealed against before the administrative law member. The statutory appeal against the order of the administrative law member of the regulator should be made to the High Court.
- (h) Adjudication may require specialised knowledge and understanding of context in certain cases. The adjudication mechanism may enable access to professional expertise, rather than having a valuer on the panel.
- (i) The quasi-legislative functions need to be discharged after following due consultation and cost benefit analysis. These should be effected only through regulations.
- (j) The standard principles of exercising quasi-legislative, executive and quasi-judicial functions, as enumerated in the Financial sector Legislative Commission or the Competition Law Review Committee may be adopted in the interest of accountability of the regulator.
- (k) The second tier may be allowed to raise resources from the market while government grants and fixed annual fee from valuers should form the resource mix for the regulator.
- (1) Mr. Sundaresan was requested to draft the chapter on regulatory governance.
- 11. Regulation of Market: The following views emerged:
- (a) Every valuation required under any law must be conducted by a valuer registered under this framework.
- (b) The valuations must be conducted as per valuation standards.
- (c) The valuation standards may be developed in the manner like accounting standards and secretarial standards. However, these may be notified by the regulator and not the Government.
- (d) An individual may be registered as a valuer. A partnership firm and LLP may also be registered as a valuer in the manner firms are registered by ICAI. Wherever a firm is registered, a partner must sign valuation report and both the firm and partner shall be jointly and severally responsible for the said report.
- (e) There were two views about registration of a company as a valuer. The committee felt the need to analyse the prevailing international practices in this regard. Mr. Kapoor and Mr. Gupta were requested to provide a report on best global practices about registration of company as a valuer.
- (f) A valuer may decide to practice or take up employment. A valuer working with a Valuer entity, either as a director, partner, or employee, should not be considered to be in employment.
- (g) A valuer may need to renew his practice certificate at intervals.
- (h) The fee of a valuer should be decided by the market, subject to the condition that it is not ad valorem to the value of the asset being valued or in the nature of success fee.
- (i) A valuer renders service under a contractual arrangement with a client. The need for a professional indemnity or insurance, therefore, should depend on negotiation between the parties and hence not a matter to be addressed in the proposed framework.
- (j) There should be a detailed Code of ethics and conduct for valuers. Mr. Kapoor was requested to attempt a code of ethics based on international practices.
- 12. Transitional arrangements: The following views emerged:

- (a) Valuers already registered with IBBI under the Companies Rules may automatically become valuers under the new framework,
- (b) Valuers engaged in valuation services may be allowed to become valuers if they meet eligibility norms under the Companies Rules and in the manner, provided therein.
- (c) Valuers engaged in valuation services, but not having relevant educational qualifications, may be allowed to become valuers subject to meeting other eligibility norms under the Companies Rules and in the manner, provided therein, provided they undergo an educational course of minimum three months.
- (d) The flexibility proposed in (b) and (c) may be subject to a sunset clause of two years.
- (e) The registered valuer organisations recognised by the IBBI may automatically be transitioned as second tier regulator under the new framework.
- (f) The regulator needs to focus on capacity development which can implement the proposed framework.
- 13. Vidhi was requested to draft the report on the lines of the decisions taken by the CoE.
- 14. It was decided to have the next meeting of the CoE at 10:00 AM on 23<sup>rd</sup> November, 2019 to consider the draft report of CoE.

Date: 24th October 2019

Place: New Delhi CHAIRPERSON

## MINUTES OF 3<sup>RD</sup> MEETING OF THE COMMITTEE OF EXPERTS

The 3<sup>rd</sup> Meeting of the Committee of Experts constituted to examine the need for institutional framework for regulation and development of valuation professionals (CoE) was held at 10.00 AM on 23<sup>rd</sup> November, 2019 in the Conference Room of the Insolvency and Bankruptcy Board of India at Mayur Bhawan, Connaught Place, New Delhi.

2. The following Members of the CoE and Invitee Experts were present:

No.	Name	Affiliation	Role in CoE
1	Dr. M. S. Sahoo	Chairperson, IBBI	Chairperson
2	CS Ranjeet Pandey	President, ICSI	Member
3	Mr. Ajay Bahl	Founding Partner, AZB & Partners	Member
4	Mr. Manoj Pandey	Joint Secretary, MCA	Member-Secretary
			and Convenor
5	Mr. Kirit P. Budhbhatti	Principal, Budhbhatti & Associates	Invitee Expert
6	Mr. Vinay Goel	Managing Director, IOV RVF	Invitee Expert
7	Mr. Somasekhar Sundaresan	Advocate	Invitee Expert
8	Mr. Varun Gupta	Managing Director, Duff & Phelps	Invitee Expert

3. The following attended the meeting by invitation:

No.	Name	Position			
110.					
Ministry of Corporate Affairs					
1	Mr. Manish Singh	JTA			
	Insolvency and Bankruptcy Board of India				
2	Dr. Mukulita Vijayawargiya	Whole Time Member			
3	Mr. Sudhaker Shukla	Whole Time Member			
4	Mr. Ritesh Kavdia	Executive Director			
5	Mr. Debajyoti Ray Chaudhari	Chief General Manager			
6	Mr. Amit Sahu	Dy. General Manager			
7	Mr. Deeptanshu Singh	Assistant Manager			
8	Mr. Abhishek Mittapally	Assistant Manager			
9	Ms. Namisha Singh	Assistant Manager			
	ICA				
10	CA Atul Kumar Gupta	Vice President			
	ICAI R	VO			
11	Ms. Sarika Singhal	CEO-Designate			
	AZB Par	tners			
12	Mr. Daksh Trivedi	Partner			
13	Mr. Harsh Kabra	Senior Associate			
	Vidhi Centre for	Legal Policy			
14	Mr. Akash Ch. Jauhari	Research Fellow			
	RICS	<u> </u>			
15	Mr. Nimish Gupta	Managing Director			
16	Mr. Gurvinder Raina	Chief Regulation Officer			

- 4. Dr. Sahoo welcomed the members, experts and invitees to the meeting.
- 5. The CoE approved the minutes of its 2<sup>nd</sup> meeting held on 24<sup>th</sup> October 2019.

- 6. The CoE took note of the following material circulated vide mails dated 21<sup>st</sup> November, 2019 and 22<sup>nd</sup> November 2019:
- a. Draft Report of the Committee of Experts,
- b. Chapterisation of Draft Bill,
- c. Suggestions on Draft Report by Prof. R. Narayanaswamy received vide his mail dated 22<sup>nd</sup> November, 2019,
- d. Suggestions on Draft Report by Mr. Sriram received vide his mail dated 22<sup>nd</sup> November, 2019,
- e. Report of Mr. Kirit P. Budhbhatti received vide his mail dated 21st November, 2019,
- f. Inputs (Code of Conduct and Ethics) of Mr. Nitin Kapoor received vide his mail dated 21<sup>st</sup> November, 2019,
- g. Inputs (Global practices in relation to registration of companies as valuers) of Mr. Varun Gupta received vide his mail dated 14<sup>th</sup> November, 2019,
- h. Suggestions of Corporate Professionals (A Registered Valuer Entity) received vide mail dated 1<sup>st</sup> November, 2019,
- i. Suggestions of the Institution of Surveyors (India) received vide mail dated 31st October, 2019, and
- j. Suggestions of the Indian Association of Investment Professionals (A Member Society of CFA Institute) received through his mail dated 30<sup>th</sup> October, 2019.

While taking note of the above, CA Chhajed and Mr. Kapoor were requested to expedite the list of contraventions along with maximum penalties, as agreed to in the last meeting of the CoE.

- 7. The members made the following initial remarks:
- (a) Mr. Manoj Pandey suggested that the endeavour should be to develop institutional framework considering the draft Valuation Professionals Bill, 2008 and the Companies (Registered Valuers and Valuation) Rules, 2017 as the bases. The departures from the bases, along with the rationale for the same, may be clearly spelt out in the report. He also suggested that the report may be submitted without much delay considering the timelines given to the Committee.
- (b) Mr. Bahl suggested that the institutional framework should factor in cost of compliances and ease of doing business. There should be minimal restrictions on entry into profession, while ensuring that the framework is the least disruptive. He further suggested that the report may dwell more about valuation profession, and not much about valuation. It may also list valuations required under the FEMA.
- (c) Mr. Budhbhatti suggested that the institutional framework should factor in the needs of all asset classes for valuation.

(d) There was a general agreement on these initial remarks. It was agreed that the Report may carry a tabular statement for easy comprehension as under:

Salient	1949 CA	2008	2017	2016 IBC	CoE's
Feature	Act	Valuers Bill	Valuers	(IPs)	Recommendation
			Rules		

- 8. Mr. Amit Sahu made a presentation on the issues and matters covered in Para 6 above facilitating detailed deliberation on them.
- 9. The suggestions of Prof. Narayanaswamy and Mr. Sriram were taken up for consideration in the background that the valuation profession and the law relating to the profession should be futuristic and malleable. The following views emerged:

- (i) An individual should not be prohibited from having certificates of practice in more than one asset class of valuation as well as in more than one profession, that is, it should not be mandatory to require an individual to practise valuation profession exclusively for the reasons: (a) Indian professionals should be enabled to promote multi-disciplinary practice (MDP) firms and compete with similar multinational firms on a level playing field. The statutes of all three professions enable formation of MDP firms, though it has not taken off. (b) In the early days of evolution of the profession, one may not have adequate work. If he is restricted to practise only valuation profession, he may hesitate to join the profession. This would discourage talented individuals to join valuation profession. The insolvency profession would not have come up if one was required to have exclusive practice of insolvency. (c) Valuation is a multi-disciplinary profession and needs flexibility for excellence. Accordingly, the valuation professionals should be enabled to promote MDP firms.
- (ii) It was considered that a valuation professional may have conflict of interest in certain assignment. It is, however, not possible to identify and list all such eventualities upfront and to require a uniform cooling off period for every valuer. It was noted that though the eventualities could be many, the possibility is extremely limited and may not require to be provided in the statute. It could be dealt more effectively by appropriate provisions in a dynamic Code of Conduct. Mr. Varun Gupta was requested to provide an illustrative list of conflict of interest, which can be included in the report for guidance of users.
- (iii) It was noted that the valuation course could be costly for some students. This needs to be addressed by way of institutional tie ups for educational loans and scholarships, as available to students of management. A reference was made to the facility of loans by State Bank of India for students of the Graduate Insolvency Program (GIP).
- (iv) While the regular course and the bridge course should be of two years and four years respectively, these could be delivered in modules. For example, the course work of one year of bridge course in the asset class of plant & machinery may have two modules one module of 6 months devoted to valuations in general and the other module of six months devoted to valuation of asset class of plant & machinery. An individual, who has completed the bridge course for plant & machinery, may not be required to undergo the first module again if he wishes to study the bridge course for the asset class of land & building. However, the internship would not be modular. One should intern for one year in every asset class he wishes to be a valuer of.
- (v) There was an apprehension that at least in the initial years, it may be difficult to arrange internship for all students undergoing bridge / regular course, as there are not enough valuers with capacity to train interns. A reference was made to Masters in Valuation Course at Sardar Patel University wherein one semester of 6 months is devoted to project work. It was agreed that in the initial years, the internship of one year may include a six-month component of project work.
- (vi) It was suggested that the valuation courses may be incubated at / imparted through IIM to start with to establish the standards of education and to impart due respectability to the course. IITs may not best positioned to do so.
- (vii) It was reiterated that the regulator should have option to add / subtract any asset class to valuation profession as well as contract / expand the scope of each asset class.

- (viii) The report prepared by Mr. Budhbhatti has a table indicating number of valuers per one lakh of population. This table may be inserted in the report to indicate likely number of valuer in the country in the days to come.
- 10. Subsidiary Company as Valuer: There was detailed discussion about the ability of an individual to compete with a corporate valuer and ability of a standalone company valuer to compete with company valuers in a network, domestic or overseas. It was, however, reiterated to allow companies to become valuers. There were two views regarding subsidiary company as a valuer. One, it should not matter whether a valuer is a standalone company or a subsidiary of another company. Subsidiary valuer may enable leveraging 'network effect' and improve quality of service. Second, exposing domestic valuation firms to global competition may not be advisable at least in initial years as it is not conducive to develop capacity within the country. It was noted that competition from global firms is inevitable and, therefore, domestic valuation firms should develop capacities to deal with such competition. The fear that Indian firms may not be able to compete is misplaced going by the example of merchant bankers who conduct valuations. A view emerged that it may be desirable to allow subsidiary companies to be valuers with appropriate checks and balances, such as (i) valuation should be the sole objective of the company, (ii) majority of the directors and majority of whole-time directors should be valuers (iii) valuation reports should be signed by individual registered valuers, (iv) the company and individual valuers shall be jointly and severally liable for obligations, etc. It was, however, decided to discuss again on this in the next meeting.
- 11. Code of Conduct and Ethics: It was suggested that any prescription by way of Code of Ethics needs to be carefully drafted as it would become a yardstick for evaluating the actions of the valuer and the same often becomes the basis of disciplinary action against the professional. While perusing the draft Code of Ethics, it was suggested to avoid nebulous terms like public interest. It was decided that the report may include an indicative Code of Ethics and not a model Code of Ethics. Mr. Budhbhatti was requested to review the Code of Conduct and Ethics, which will be considered in the next meeting of the CoE.
- 12. It was noted that valuation being an expression of opinion should not be lightly questioned absent malafide, gross negligence, very evident, etc. Mr. Somasekhar was requested to provide a brief note on 'presumption of bona-fide' for inclusion in the report.
- 13. It was reiterated that a valuer should not outsource valuation to another person, whether the other person is a valuer or not, in the interest of accountability. However, if an assignment requires services of valuers of other asset classes or any other professionals, he may hire such services. Further, any form of disclaimer limiting the liability of the valuer needs to be discouraged.
- 14. While considering draft report, the following views emerged:
- (i) The regulator may be enabled to conduct inspection of valuation professionals, based on credible material available with it. This may not include the power of search and seizure. The inspections or disposal of show-cause notices must be time bound. The passing of interim orders should be avoided. Where it is absolutely necessary, it should be passed only by whole time member (and not the adjudicating officer) and will be valid for a maximum period of 90 days.
- (ii) While agreeing to the proposed regulatory architecture and governance, it was suggested that the draft report should detail the possibility of regulatory capture and how it is to be addressed.
- (iii) The Governing Council of the regulator may have eminent citizens as part-time members (PTMs). No valuer should be eligible to join as a PTM. An individual may join as a PTM if he

was not a valuer in the preceding X years and would not be a valuer in the succeeding X years, to address conflict of interest.

- (iv) As a best practice of good governance, the performance appraisal of the chairperson and whole-time members should be done by the Governing Board or PTMs.
- (v) The primary legislation may provide the broad framework of regulation making process, while the detailed process may be laid down by the regulatory agency through regulations. A reasonable time, say 3-6 weeks, may be provided for the purpose of public consultation.
- (vi) It may not be necessary to provide for removal of difficulties in the implementation of subordinate laws, as the Governing Council of the regulator can re-write the regulation.
- (vii) It should be mandatory to review subordinate law every 3-5 years.
- (viii) The provision for appeal to appellate tribunal may be omitted. Accordingly, the appeals from the decisions of the Administrative Law member may be preferred before the High Court, considering the Supreme Court's recent judgement relating to terms and conditions of member of tribunals.
- 15. There was in-depth discussion on the choice between one-tier or two-tier regulatory structure. While there was a general feeling that there was a role for RVOs, there were two views, each view with several variations, regarding their regulatory role. One view was that the existing RVOs should continue, with both developmental and regulatory roles, as the regulator would not have the capacity, both in terms of reach and competence, to monitor professionals all over India. The other view was that RVOs being private bodies, state functions cannot be assigned to them. Besides, there will be regulatory overlaps and gaps, if two regulators operate in the same space. It was decided to revisit thus issue in the next meeting. To facilitate further discussion, Mr. Goel and Mr. Nimish Gupta were requested to prepare a note detailing the developmental and regulatory activities currently being performed by RVOs.
- 16. The CoE note of the chapterisation of the draft bill.
- 17. Vidhi was requested to modify the report and draft the Bill on the lines of the above discussion.
- 18. It was decided to have the final meeting of the CoE at 10:00 AM on Sunday, the 15<sup>th</sup> December, 2019 to finalise the report. To facilitate the same, a revised draft report will be circulated one week prior to the meeting.

Date: 23<sup>rd</sup> November, 2019

Place: New Delhi CHAIRPERSON

## Views of **RVO Estate Managers and Appraisers Foundation**

Sl.	Issues for	Elaboration of the Issue	Views
No.	deliberation	VI IV VI ITION DE OFFICIAN	
Α.		VALUATION PROFESSION	
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	As long as business in India exists, requirement of proper valuation will be of prime importance. We can catch 10 years.  In some points it is closely associated with the profession
			of Advocate. But the major difference lies in tiers of regulation and education.
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	In our opinion, the model of Bar council of India can be
4	Review of Valuation Profession in the Country	valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	company valuation, etc these above have long history in the profession.  RVO related matters to be adopted from Companies (Registered Valuers and Valuation) Rules, 2017 (the Rules) that amply covers the issues in questions.  It has been felt that there is huge need of properly skilled valuers in the business/investment.
<b>B.</b>		MARKET FOR VALUATION PROFES	
5	Market for	How big is market for valuation services? Is the market competitive?	
	Valuation	How can it be made more competitive? What are market imperfections?	
	Services	Who controls price? What are the market segments in terms of asset	other Government authorities.

			Plant & machinery and (3) Financial Assets. Only the qualified Valuers are allowed to carry on valuation job. Due to limited supply of skilled professionals and existence of entry barrier the market is imperfect.
			Market price is influenced by Social, Economic, Govt./legal, Infrastructural and Environmental forces.
			Market needs to be developed properly, other than IBBI valuers qualified valuers are also required for other sectors of valuation.  Markets for proper valuation done by qualified valuers (qualification+ examination + experience which already exist in case of IBBI registered valuers) are in high demand.
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational	Same as above.
		valuer? Should policy promote one over the other?	
7	Market for Valuation Education	How big is market for education? What is market potential over the next	will remain same or will increase Like the professions of Doctors, Engineers, CAs, MBAs, valuation profession should come onto the surface as a

			existence of entry barrier the market is imperfect.
			Agencies may be different for education and examination
			Lack of educational institution for imparting education in
			valuation.
			As most of the aspiring valuers are in service/professions,
			the distance mode of education may be adopted in order
			to have maximum aspiring valuers under one umbrella at
			a time.
			(As shown in Annexure A.)
8	Market for	How big is the size of market? How the market can be developed? How	Market potential is huge.
	Research and	to incentivise research and knowledge management? How soon the	Through proper awareness programme among the
	Knowledge	extant knowledge would be redundant? Who does research?	common people, educational organizations, Govt. bodies,
	Management		professional organizations and banks, etc.
	_		Govt. should encourage research & knowledge
			management by pouring grants, incentive etc.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation	
		services be exclusive domain of registered valuation professionals?	with integrity, objectivity, competence, confidentiality.
		What valuations should be mandatorily be conducted by valuers? How	All valuation services should be exclusive domain of the
		can competition be promoted if valuation work is reserved for a set of	qualified valuers. More over the Companies Act, 2013 speaks
		people?	of that. All types of valuation ideally to be conducted by the set of
			skilled valuers.
			This competition can be promoted by increasing the number of
			registered valuers and setting a common standard for valuation
			job or service.
С.		REGULATORY ARCHITECTUR	
10	Type of	Does valuation profession require regulations? Should it be statutory	Two tiers of regulations are required. Rules 2017 amply
	Regulation	regulation or self-regulation or regulated self-regulations?	covers so.
			1 <sup>st</sup> tier Govt level-statutory regulator.
			2 <sup>nd</sup> tier quasi-govt. RVO level (through different
			committees) –Regulated self regulators.
11	One Tier Vs.	Should there be a central regulator or many parallel regulators	
	Two Tier	competing with one another? Should there be two tiers of regulators –	
	Regulation	many second-tier regulators competing with one another, under the	
		oversight of a central first-tier regulator? Should the Valuation	Yes, a two tier-system is required to get better results.

		profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	The valuation profession should be regulated by two tier regulation as already prescribed in Rule 2017.
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	sufficient and necessary for the operation in India.
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	
D.		FUNCTIONS OF THE REGULATO	OR
1.5	Role of Each	I	1st diag data in advanting to develop avallabase because of
15	Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	teaching and conduct examination. Registration of valuers to be given after passing the exam.  2 <sup>nd</sup> tier duty in education: teaching and training as per directives of 1 <sup>st</sup> tier regulatory bodies.

		with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for-profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	As per given in the rule 2017.
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	2 <sup>nd</sup> tier should independently take decision. Control of the Govt. on the first tier should be like Bar Council of India model. Control of 2nd tier should follow Rules published by GOI
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	Govt. grant and incentive for both the tiers.
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	To be given by Govt. of India.
22	Scope and Manner of Making	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made	

	Byelaws	by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	
23	Monitoring and Enforcement		the valuation profession of their own members ultimately RVO would be accountable to the 1 <sup>st</sup> tier authority.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	Grievance redressal cell should be there at both the tiers. The Rule 2017 amply speaks of that.
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first-tier and second tier regulators?	The monitoring and disciplinary committees are there at 2 <sup>nd</sup> tier level to handle the irregularities and complaints of the valuers.
E.		VALUATION PROFESSIONALS	S
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	A fit and proper person can be a valuer.  Master's degree in valuation should be there. In our opinion a top-up education in valuation after having degree/Master's degree in engineering, management, finance, valuation etc. is required to be a registered valuer who would be capable to undertake all sorts of

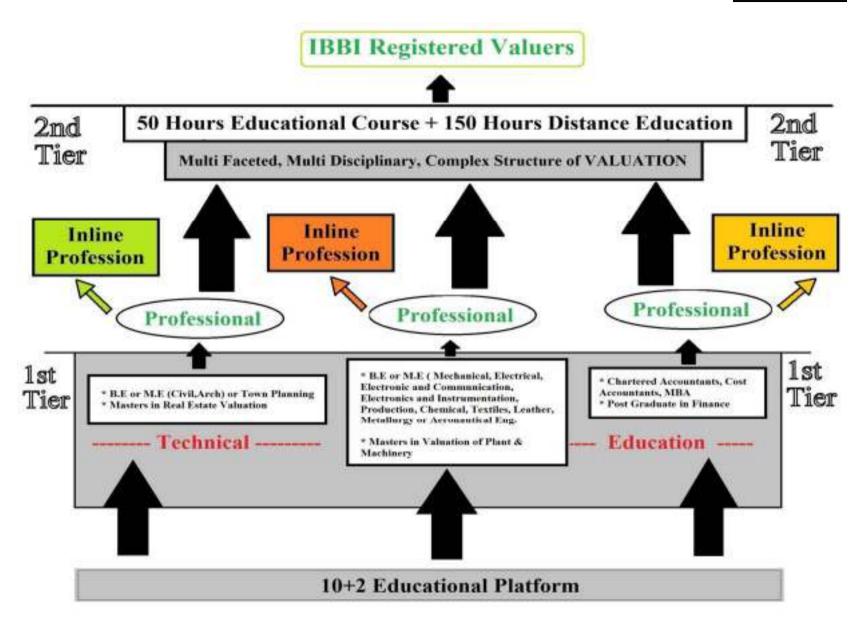
			valuation (may be in distance education mode)] Concerned rules of 2017 amply cover the eligibility criteria in respect of organizational valuers. It can be amended and/or changed as and when required.
			Apart from 3 asset classes, we suggest asset classes like agriculture, plantation(tea/coffee/rubber), mining, gems and jewellery.  Physically fit and mentally alert person can do valuation work like other professions.
28	Independence and Accountability of Valuer	disclosures by him? How to minimise influence of stakeholders on his	Disclaimer/disclosure with all the reports to be issued by a valuer ultimately the interest of the valuers to be protected by the 1 <sup>st</sup> tier authority as per its guidelines as and when required.  Minimum fees to be regulated to avoid the ambiguity.
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	Apart from Companies (Registered Valuers and
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	followed by the 2 <sup>nd</sup> tier i.e. RVOs. Such development is a continuous process.
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	
F.		DEVELOPMENT OF PROFESSIO	N

33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology Latest technology always influences the professionals. Use of valuation archive and access of data from the
		valuers, valuation education and valuation research? Will technology / archive etc. can be the aids for more accurate valuation. machines replace valuation professionals in course of time?
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying?  Does it include advocacy? Does it include development of markets?  Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?  Advocacy leads better development  Awareness programmes would be the best mode of development so far as the 1st tier is concerned.  The 2nd tier would provide education, continuing professional education, examination, development of curriculum and study material, etc.  Already discussed.  Already discussed.  Already discussed.  In fact, the regulators are aiding with the development of profession valuers as a whole but in any event, they are not competing wwith market in education.
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?  Scope of research can be developed only with assistance in all form from the Govt. level.  Research and development is a continuous process.  Market driven research is one of many options.  Needs no repetition.
G.		TRANSITIONAL MECHANISM
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?  IBBI should remain as 1 <sup>st</sup> tier for long. Our experiences still very satisfactory.  Should be permanent in nature.
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are should be amply protected together with further fact that stipulated for second tier regulators, how much time should existing they have not only done the grass root work so far as the

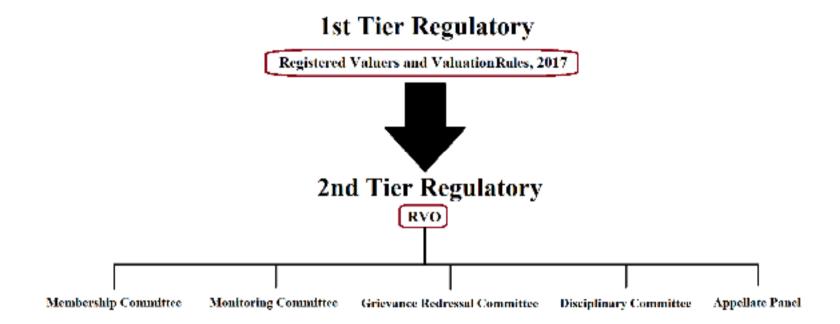
			RVOs be provided to comply with the new norms. Should the number of	, ,
			second tier regulators be capped?	the market standing of the said valuers, but also they have
				changed their position by complying with the rules and
				directions of the IBBI.
Ī	40	Transitional	Should existing registered valuers be automatically be migrated to the	The existing members would remain with the RVOs but
		Arrangement for	new regulatory regime? What should they transition?	ultimately they would be accountable to the 1 <sup>st</sup> tier
		RVs		regulator, as the registered valuers.

(SUBRATO DUTT)

Name and Signature of Chairperson RVO ESTATE MANAGERS & APPRAISERS FOUNDATION



Page **10** of **11** 



Two tier regulations architecture

# Views of IOV Registered Valuers Foundation

Sl. No.	Issues for deliberation	Elaboration of the Issue	SUGGESTIONS	
A.		VALUATION PROFESSION		
1	Vision of Valuation Profession	profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	In coming Five years, most of the valuers will come under the regulated regime. Valuation specific educational courses at graduate and post graduate level shall be the entry level eligibility. Other classes of assets will start entering into the system.  Ten and Twenty years hence, the profession shall be taking shape into a full fledged profession with inclusion of younger generation in all asset classes. Registered valuer in one class of asset shall be able to register in other classes of assets by specialized educational courses/ programmes through registered bodies under the regulatory framework i.e. Tier-2.  Profession be like:- This profession depends on the perception of the individual comprehending scientific and artistic expression to an extent it is similar to other professions like architect and medical professionals.	
2	Review of Valuation Profession Internationally	jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	India can develop its own legislation based on the success of the Companies(Registered Valuers and Valuation) Rules, 2017 and the	



3 Review of Other Professions in the Country	Which profession can be model for valuation There is no other profession which can be said as model for valuation profession in India? Which particular profession in India. It will be a blend of all the profession by adopting their feature, practice, or mechanism can be features which are essential for valuation. Since there is no exact parallel adopted from that profession? Any difficulty profession it becomes difficult to adopt any of them completely. in adopting them?
4 Review of Valuation Profession in the Country	Valuation profession has long history in It is correct that Valuation profession has long history in India but it India. What are the learnings / lessons of such workings are largely on valuation of land only and have very less academi long experience for the statutory framework work in India on other asset classes. Negligible understanding of Intangible for valuation profession? What features from asset valuation and derivatives of Assets. Reliance on judicia the draft Valuations Professionals Bill, 2008 pronouncement or precedents are more and due to Lack of Scientific studie can be adopted? What features from the or logical methods, it resulted in large dependence upon judicia Companies (Registered Valuers and pronouncements which are often contradicting each other, thus leaving space Valuation) Rules, 2017 ("the Rules") can be for erroneous practices. So, clear lack of education on complex situations adopted? Experience with the Rules so far. lack of database, lack of accessibility of data which exist.  What has worked well? What has not worked well?  Problems so far: Valuation Bill Draft 2008 is old document so perspective may be made from new legislation. Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") is latest development and provide basic framework as it sets Qualification and Experience criterion. The Rule have focussed on need of formal education, training and Continuing Education for profession of Valuers.  What worked Well: Process of reaching large no. of valuation participant through RVOs. RVOs role of creating infrastructure for scrutinising enrolling, educating, training and supporting for registration with IBBI ha worked very well. Monitoring, CEPs and further education like Valuation Standard programmes is doing very well for valuers. A lot of private sectoral ent and energy has flown in through RVO in doing the ground work. A common visible platform of Valuer through IBBI website has worked well as any service user can now check basic credentials whether the valuer is

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			What not worked well:		
			Expats from other professions and part time practice aspirants are currently being treated at par with mature and serious valuers. The serious nature of profession demands elevating them towards adopting this profession completely.		
В.		MARKET FOR VALUATION PROFESSION			
	5 Market for Valuation Services	the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be	Every financial decision needs the valuation advice. However such market of valuation services is not fully created so far.  Presently, Market is of two types, principly. One for statutory compliance requirement. Other is use for decision making. There is need to improve both as, statutory valuations are procedural and tend to be superficial. Also as it is mandatory in nature, valuers are encouraged to try and match the figures. So, proper training in procedural and ethical way of valuation is required. However, in case of stratgic decision situations, the expert opinion of a valuer is required and trusted as, the risk in decision are of higher order. Market Size in Volume terms majority: minority for Individual to Entity. Market Size in Value Terms majority: minority for Entity: Individual. Therefore, large chunk of proceeds from valuation services are absorbed by less number of large entities.  Growth of market is greatly influenced by the economy of our country and natural outcome of the market. Yes, market need to be developed through this kind of regulated system.		
	6 Market for Valuers	the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market	Market can an grow @ GNP+y% for long period. With Govt. Focus on 5 Trillion Economy in 5 years, valuation services market is also likely to grow at 15-17% p.a CAGR.  Yes, the market is competitive and it can be make more competitive by absorbing the valuers registered under different acts like U/s 34AB of Wealth Tax Act, SEBI etc. into this framework. Yes the market need to be developed.		



		merits and demerits of individual valuer and	In case of an individual valuer, he can operate at lower cost and his expertise and the responsibility is there. Whereas, he lacks capacity to undertake large projets.  In case of organisational valuers, the cost are higher but because of the pool of data and expertise, it has the capacity to execute the big sized valuation. At the same time, organizational valuers has to perform in line with the organization policy thereby, lacking responsibility.  Policy should not promote one overanother. It should be Market driven and Monopolistic practices should be curbed in any of the case. Policy is required to provide market freedom in terms of individual valuer and organizational valuer.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	For next 10 years only a limited number to enrol for University level programme. Only after the profession is well established shall the next generations take it up as career option.  Yes, the market is competitive.  Tier-2 should be provided responsibility of education with after due
8	Market for Research and Knowledge Management	market can be developed? How to incentivise research and knowledge management? How soon the extant	It is difficult to ascertain the size of market but it can be said that at present, no such market research and knowledge management is taking place. Once this profession is regulated than it will start revealing its shape and size. Market can be developed by emphasizing on Technological research. Research and knowledge management can be incentivise by scholarships, awards, participation in industry matters for research paper.



			Tier-2 can take up the research work with the support of the Tier-1, Government and the industry.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	No, it cannot be rendered by anyone. Yes, it should be exclusive domain of registered valuation professionals only. But, to begin with for a limited period the existing valuers who are registered U/s 34ABWealth Tax Act, SEBI and any other act may be given the status of valuers(non registered and enrolled with RVO only) for limited purposes like bank valuation, etc. Such valuers shall be enrolled with RVOs as members and shall comply with bye-laws of respective RVO.  Competition will automatically be in place as these members will be compelled to competewith the Registered valuers and at the same time would be required to upgrade themselves to become registered valuers.
C.	BHIN F	REGULAT	ORY ARCHITECTURE
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators — many second-tier regulators competing with one another, under the oversight of a central firsttier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	There shall be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central firsttier regulator.  For better understanding, please refer Annexure-Aannexed with this questionnaire.



12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	Development, Research, Monitoring, Standards, Education, Training e should be with Tier-2. For better understanding, please refer Annexu Aannexed with this questionnaire.	
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	Statutory legislation should be continuingone but the scope of amendment should be there. It should be rule based(amendable) and it should be a complete law.	
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	Scope of malleability in framework should be there. Composition of governing council should be of primary concern so that inclusion of new asset classes and its nuances can be captured. Valuers should have the liberty to choose the asset class according to their expertise. Related education for a particular class of asset should be open to all.  All valuations under different laws should be covered under this law like as suggested for the inclusion of valuers registered U/s 34AB, SEBI and other such different laws.	

D.	FUNCTIONS OF THE REGULATOR				
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?			
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, Areas such as Education, Research, Training, etc. need regulations and financhet for valuation services, valuation better understanding, please refer Annexure-Aannexed with the education, valuation research - needs questionnaire.  Tools of regulation are procedure of registering the members, monitoring addressing the grievances, disciplinaryaction and punitive penalisation.  The regulation of the first tier regulation.  Tier-1 and tier-2 should not compete with each other. It should be seen that the regulation of the first tier regulation?  What should be jurisdiction of the first tier and second tier regulators?  What should be jurisdiction of the first tier and second tier regulators?			



17	Governance of Each Tier	companies being regulators?	of:-  1. Elected Valuer members (9 numbers representing different regions of the country);  2. Government Nominees (5 numbers from Academic sector, Ministry, Finance Sector, SEBI and Industry);  3. Registered Valuer Members from Tier-2 (5 numbers nominated in
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	Regulator can be assessed by status and performance of committees formed,
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	Aannexed with this questionnaire for better understanding.  Independence should be given to Tier-2 in the fields of enrolment of new members, how to conduct classes, procedure for grievance and monitoring, etc.



20	Resources of each Tier	What should be the sources of funding of regulator-first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	Tier-2 may generate funding through CSR (Corporate Social	
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	As discussed earlier, the law should be complete and therefore the question of sub-ordinate legislation does not arises.	
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second tier regulator? How to factor in the interests of society in making subordinate legislations?	Governing board of Tier-2 shall have the power to amend the by-laws as per requirement.	
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in		



		monitoring and enforcement by each tier of regulator?	
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	As per the policies and bye laws of Tier-2 and please refer Annexure-A annexed with this quesstionaaire.
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	As per the policies and bye laws of Tier-2.
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first-tier and second tier regulators?	As per the Grievance policies and bye laws of Tier-2 and assist Tier-1 in disposal of such grievances.
E.		VALUATI	ON PROFESSIONALS
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an	Eligibility and qualification for an individual to be a valuer is already defined in the Companies (Registered Valuers and Valuation) Rules, 2017 with required amendments as specified.  To begin with for a limited period the existing valuers who are registered U/s 34AB Wealth Tax Act, SEBI and any other act may be given the status of valuer (non registered and enrolled with RVO only) for a limited purposes like bank valuation. Such valuers shall be enrolled with RVOs as members and shall comply with bye-laws of respective RVO.



		organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	Existing criterion in Companies Rules be adopted along with Full fledged training programme for new generation of Valuers.  1. Full fledged valuation programme, followed by training under senior valuer.  2. Scope for further studies as PG programme, Speciality or Domain Specific.  3. Scope for Reasearch & Super speciality programmes. Kind of Fellowship or Doctoral programme in Super Special skills.  4. Recognition to small duration Under Graduate Programme (like Skill development by MSME) to work as Valuers Assistant.  5. Five year of practice after each level of education.  There should not be any minimum or maximum age for practising the profession.
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	Tier II however it should not be regulated.
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	Code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 is adequate alongwith the Valuation Standards to ensure that the code of conduct is followed. It can be monitor by Tier-2 as per their policy.



30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	Yes, Valuation Standards have to be prescribed by Tier-1 based upon recommendation by Tier 2. It should be continuous process. Regulator should take advise of Tier II on Preparation of Standards.	
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	Valuers can be protected for their bonafide acts by entertaining as complaint or grievancesagainst the valuers through a mechanism Grievance redressal of such grievances at the level of Tier-2 followed by disciplinary action against the erring valuers, if required.  Protection may flow from regulations as well as through statue. A model sof permitted disclaimers can be published by the Teir-1.	
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	Reputation of profession will depend on quality of services and code o conduct practised by professionals. Transparency in Education, Training	
F.		DEVELOPA	MENT OF PROFESSION	
33	Profession vis- a-vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	cost services may pass on to technology based platforms	



34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	Development includes – Awareness, education, research and application. It includes Advocacy.  Yes it includes education, continuing professional education, examination, development of curriculum and study material, etc  Tier II regulator to advise Tier I on Standards formulation, Valuation policy and matters.  To develop Education Programmes, Conduct education, Training, programme, CEPs, Industry interactions, to make International representations, to show case Indian Professional to world markets. To enrol, scrutinise, develop, recommend for registration the Valuers and create Infrastructure for above programmes. Monitoring the professional addressing the Grievance & redressal mechanism development. Recommending for disciplinary action if required	
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of firsttier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	Developing the Super Specialist Valuers through Fellowship and Doctoral lelevl programmes by Tier II. Tier II to fund & support research with the help of Industry and Govt Support. Research on market data is key component of research. Tier I to support such reserchers with access to government Data, Infrastructure, participation in policy decisions etc All should be allowed to participate in research works. Authenticity shall be verified by Tier I and Tier II regulators.	
G.		TRANSITIONAL	MECHANISM	
36	Phasing: Short / Medium / Long Term	regulatory framework be phased? What	included.  To begin with for a limited period the existing valuers who are registered by a state of the state	



			like bank valuation. Such valuers shall be enrolled with RVOs as members and shall comply with bye-laws of respective RVO.
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	Existing Registered Valuers under Companies act must be allowed entry without any further training or exams. If they are again subjected to training and exam then there will be no faith in regulation.  The existing valuers who are registered U/s 34AB Wealth Tax Act, SEBI and any other act may be given the status of valuer members (non registered and enrolled with RVO only) for a limited purposes like bank valuation. Such valuers shall be enrolled with RVOs as members and shall comply with bye-laws of respective RVO.
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	Yes. Existing registered valuers be automatically migrated to the new regulatory regime without any pre-requisite.

Name: Winay (2H)
Designation: MD & CED
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Page 14 of 14

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## Views of ICSI Registered Valuer Organisation

Sl. No.	Issues for deliberation	Elaboration of the Issue	Views		
A.		VALUATION PROFESSION			
1	Valuation Profession twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?				
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	Australia are well known Globally. We should		
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?			
4	Review of Valuation Profession in the Country		Appellate Authority as mentioned in Valuations Professionals Bill, 2008 should be an independent		
B.		MARKET FOR VALUATION PROFESSION	DIN .		
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers	<ul> <li>Valuation market is quite big in India, more concentrated in cities and then in villages only.</li> <li>The Market is fairly competitive. It can be made</li> </ul>		



		and organisational valuers? What influences growth of the market? Does the market need to be developed?	user's com	mun	ity. The Mark	awareness in the et needs to be
6	Market for Valuers  How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?		developed by bringing awareness in the corporate world both domestic and international.			
			Category Valuer		Number of Valuations (%)	Fee from Val- uations (%)
	104-0-0-	The second secon	Individual		90	10
			Entity		10	90
			Both individual	such disco dual in th	h segmentation ourage either. and entity shou se case of CS/C	rk should be ag should neither ld be allowed for A currently, The
			<ul> <li>All forms of entities (companies, LLI partnership firms) should be allowed as valuati entities. A majority of the directors/partne should be valuation professionals. There was a a view that all or 3, whichever is less, of the</li> </ul>			owed as valuation directors/partners s. There was also

should valuation directors /partners be professionals, as currently provided in the Rules. Where a company is a valuation entity, (a) it must not be a subsidiary or have subsidiaries; (b) at least 51% of equity must be held by registered valuers; and (c) its sole object should be valuation. . There may be three basic asset classes (as in line with IVS), as presently provided in the Rules, to start with. However, each asset class may enable for specialisation in niche areas also. For example, the asset class land and building may have specialisations forestry, agriculture, pisciculture, mining, tea and coffee plantation, etc. The statute may enable addition / deletion of asset classes depending on need. The market sizing is difficult to find out. The following laws and regulations need to be incorporated in valuation: 1) Income Tax 2) RBI 3) Insurance 4) Banks 5) IND AS 6) SEBI (as of now, it is partly implemented) 7) Stamp Act



Valuation 10 Education ma	ow big is market for education? What is market potential over the next of years? Is the market competitive? Who are market players? What are tarket imperfections? Which model of education — legal, medical, ecountancy or any other — is suitable for valuation education? Should ducation and examination be with one agency? What are the deficiencies the current model of valuation education in the country?.	of ICSI/ICAL The Central regulator should
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			of two years comprising one-year of classroom and one year of intensive internship with a RV.  (b) Complete Course: An individual with a pass in Class XII, may undergo a five-year comprehensive course from recognised places (RVOs and specified institutions). This may have two years common course for all asset classes, eighteen-months specialisation in the specific asset class, and eighteen months of internship with an RV.  • Both the models have a component of super specialisation in a sub-class of assets such as forestry, jewellery, arts, agriculture, tea and coffee plantation, mining, patent, copyright and other intangibles etc.
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	The Central Regulator should conduct and promote research and knowledge management. Research should also be carried out by Tier II regulator.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	conducted by a registered valuer; (a) Every valuation required under any law in the
H			(b) Every other valuation required for a decision by Government or a public authority or a financial institution, by practice.
			(c) The profession of Registered Valuer should be introduced in a phased manner.
			200



C.		REGULATORY ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	<ol> <li>It should be a mixture of statutory regulator along with regulated self-regulation.</li> </ol>
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	2. It should be a two-tier structure, as in place com- orising IBBI (Central Regulator) and RVOs.
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	regulator.  4. Regulation and development should
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	(a) the role of the Central Regulator and its govern-
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	(b) the role of the RVOs;  (c) Offences and Penalties, including appellate mechanism, as under:  (i) Schedule-A comprising of major Offences by the Central Regulator;  (ii) Schedule-B: Other Offences to be dealt by RVOs, and  (iii) Substantive law should cover key guiding principles, which means that it should be a skeletal

			legislation with substantial dependence on subordinate legislation.  If an RV has committed offences included in both Schedule, it will be dealt by the Central Regulator.  (d) Manner of exercising quasi-legislative, executive and quasi-judicial functions by the Central Regulator and the RVO, as an extended arm of the
D.	SECTION 1	FUNCTIONS OF THE REGULATOR	Central Regulator.
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	regulations, overseeing compliances, exercising control and monitoring disciplinary proceedings, if any, between Tier II Regulators.
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	valuation services, research and monitoring
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be	Regulator, there were two views:  (a) The Governing Board should have a



		net worth and shareholding requirements in case of companies being regulators?	should be supported by an Advisory Committee comprising of RVs representing RVOs. The Governing Board must mandatorily consider the views / decision of the Advisory Committee.  (b) The Governing Board should have a Chairperson, a few Whole Time Members and representatives of RVOs as Part-time Members. The Central Regulator (Not Governing Board) should be supported by an Advisory Committee comprising of RVs representing RVOs.  2. RVOs should be companies registered under section 8 of the Companies Act, 2013. It should have board composition as provided in the Rules. Maximum number of RVs in the governing board of RVO and minimum share capital should be
			prescribed. There were two views about minimum number of RVs for an RVO.
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	I and Tier II regulators for growth of profession against which their performance can be measured through an evaluation matrix.  Deliverables can be in the form of:
			(a) Setting up of proper infrastructure for education (b) Enrolment of students (c) No. of Registered Valuers registered (d) Disciplinary proceedings
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full	

		independence? How much control Government should have over the first- tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	ICSI revenue model can be considered.
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	Rules and Regulations. The authority should be
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	Each Tier II regulator should have its own Bye Laws, as per existing system.
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	Tier I should monitor Tier II and Tier II should monitor Registered Valuers.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	considered.
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	



26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	If not resolved, it could be resolved by Tier I.
E.	- II SVANIDA III DO MOZE	VALUATION PROFESSIONALS	
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	Maximum age: 75 years
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	<ul> <li>Should be governed by Code of Conduct and Disciplinary proceedings.</li> <li>Fee should be regulated by market forces.</li> <li>Efficiency of valuers should be judged based on quality of Valuation Reports.</li> </ul>
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	Existing Companies (Registered Valuers and
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	<ul> <li>The Tier I regulator should prescribe the standards.</li> </ul>
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	

32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person and proper' need some flexibility.  as valuer?
F.	Element Control	DEVELOPMENT OF PROFESSION
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?  Technology should support as a tool to the profession.  Technology can be used in markets for valuation services, valuers, valuation education and valuation research.  Technology machines are unlikely to replace valuation professionals in course of time.
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying?  Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?  Development can happen because of following points:  (a) Enhancing quality of education. (b) Enhancing quality of research. (d) Enhancing image of the profession. (e) Implementing a robust disciplinary mechanism etc.
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?  • Research is very much needed in the valuation profession. The first tier and second tier regulator should incentivise research.  • Research is very much needed in the valuation profession. The first tier and second tier regulator should incentivise research.  • Research is very much needed in the valuation profession. The first tier and second tier regulator should incentivise research.  • Research is very much needed in the valuation profession. The first tier and second tier regulator should incentivise research.
G.	TRANSITIONAL MECHANISM	
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? The roll out of the new regulatory framework be done immediately, what should follow and what should be phased out once the Institute attains self sufficiency in all operations.



37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	Existing Registered Valuers should be grandfathered. Other valuers may be grandfathered subject to meeting existing norms.
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	transitioned as second tier regulators.  Number of Tier II regulators should be capped
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	Existing registered valuers should be automatically migrated to the new regulatory regime.

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250

## Views of IIV RVO

SL No.	Issues for deliberation	Elaboration of the Issue	Views
A.		VALUATION PROFESSION	
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	UK will be the model Jurisdiction: IBBI / Indian Institute of Valuers IVSC It should be adopted slow process
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	Medical council / Bar council / Architect council  but with updating new systems for the profession
4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draftValuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	The Companies Bill provides for a framework to enable fair valuations in companies and, thus, charts a need for professional valuers. Currently, corporate valuation is done by auditors, merchant bankers, company secretaries or chartered accountants. Such valuation is required for initial public offerings, sealing mergers and amalgamations, and for strategic alliances and corporate restructuring. The proposed legislation also seeks to create a council of valuation professionals of India, comprising experts from



the three professional institutions that will oversee all valuation professionals. The council will set standards for valuation professionals, train them, issue qualifying norms for individuals and monitor the professionals. "This will introduce considerable professionalism in the business of valuation as only those qualifying the norms set by the government will be able to practice. Besides, they will be constantly monitored by the government," The ministry's concept paper had also suggested that those violating council guidelines be penalized. This included penalties if a valuer disclosed confidential information or was negligent while issuing public statements or while carrying out due diligence. Features from Company Rules 2017 (RV): Rule specify who can be registered valuer / experience how they have to do (IVSC) / ethical practice / Penalty for wrongdoing / CEP / RVO's Experience with the Rules so far: Good What has worked well? - Valuers started understanding the importance, acquiring knowledge, training in CEP/COP/importance of ethical practice What has not worked well? Initial teething problems in implementation however its working well.



B.		MARKET FOR VALUATION PROFESSION		
5	Market for Valuation Services	the market need to be developed?	present status is it is completive not by its professional practice but by its pricing of the	
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	An Organisational valuer has access to the current tools & technologies of the valuation practice by virtue of his association at no extra cost.	
7	Market for Valuation Education	10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?.	education. People with basic degree in their respective discipline and with minimum of 10 years	



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8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	expertise can practice Valuation. Valuers should be allowed to practice only in
C.		REGULATORY ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	Regulation should be statutory
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	regulators with strict accreditation standards and
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	housed together as these complement each other. The scope is to make Indian valuation profession attain global standards and recognised
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	law was introduced for the first time vide Section 247 of Chapter VXII of the Indian Companies Act



			"where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other asset or net worth of a company or its liabilities under the provisions of this Act, it shall be valued by a person having such qualifications and experience and registered as a valuer in such manner and on such terms and conditions as maybe prescribed and appointed by the audit committee or in its absence by the Board of Directors of that company".  How often this should be amended? — Frequently on need base on experience.  Should it be principle based or rule based?  Both  Should it be an incomplete law All the above
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	1. Valuation standards to be implemented to avoid malleability of framework in valuation  2. To introduce new class of asset tangible or intangible  3. The concept of a "registered valuer" under Indian law was introduced for the first time vide Section 247 of Chapter VXII of the Indian Companies Act for matters requiring valuation under the said act.  Section 247 of the Companies Act provides that "where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other asset or net worth of a company or its liabilities under the



			provisions of this Act, it shall be valued by a person having such qualifications and experience and registered as a valuer in such manner and on such terms and conditions as maybe prescribed and appointed by the audit committee or in its absence by the Board of Directors of that company".  Accordingly, the Ministry of Corporate Affairs introduced the Companies (Registered Valuers and Valuation) Rules, 2017 ("Rules"). The Rules inter alia provided for the eligibility criteria which needs to be fulfilled for obtaining a certification for being a registered valuer and the manner in which the certification maybe obtained. The Rules also provide that the Insolvency and Bankruptcy Board of India ("IBBI") established under the Insolvency and Bankruptcy Code, 2016 be the "registering authority" which will hold examinations and grant certifications of the designation of a "registered valuer".
D.		FUNCTIONS OF THE REGULATOR	programmes of a regimental value .
15	Role of Each Tier in Regulation / Development of Valuers / Market	The state of the s	Standard setting, Research, registration  2. Tier two: Valuation services, regulation, rules, monitoring, CEP  3. Overlap desirable in research / training during
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation?	Need for discussions



		Should market undertake regulation? What is scope or extent of self- regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	To discuss in forum
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	Required
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	Time required to discuss on this
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument forsubordinate legislation? Best practices that may be referred to.
22	Scope and Manner of Making	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made	What should be the extent and methodology of making bye laws by the self-regulatory



	Byelaws	by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	of development, regulation and standards be governed by bye-laws made by these cond- tier regulator? How to factor in the interests of society in making subordinate legislations?	
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	the manner of monitoring the conduct of valuation professionals, market for	
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	What should be the mechanism for disposal of quasi-judicial functions at each	
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	As on today there is no mechanism to handle valuer grievances, now IBBI / National Institution take through RVO & advises on Valuers grievances.	
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first-tier and second tier regulators?	Every Valuers grievances by IBBI / NIV, Complaints against Valuer by Through RVO Disciplinary committee	
E.		VALUATION PROFESSIONALS		
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes	A valuer needs to have bachelor's degree in their domain and with the minimum experience of 10 years in their domain.	



		should be available? Should a minimum and maximum age for practicing of profession be specified?	year duration with practical training and exposure.  No maximum age limit to be specified but should have regular professional upgradation.	
28	Independence and Accountability of Valuer	disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be	Valuer is to be made accountable for his work.  Stake holders are also to be made accountable for the work of valuer.  Fees be regulated and linked to the value of work sufficiently compensating the valuer. The fee structure of IRDA for surveyors can be taken as a guide.	
29	Code of Conduct and Ethics		It is adequate. The valuer should be able to prove his work legally if called for,	
30	Scope and Manner of Making Valuation Standards	Should such development be a continuous process? What should the	Valuation standards need to be prescribed and its should be a continuous process.  There should be regulator for formulating and evaluating the standards.	
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	By Regulation     By regulation     to be framed     to discuss	
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	As per IVSC     Exam / personal interview / performance review	



F.	DEVELOPMENT OF PROFESSION				
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	By introducing new systems     Its continuous development change with time     Not at all technology and machines will help valuers to deliver good valuation report		
34	Approaches of Development Does it include advocacy? Does it include examination, development of curriculum ar can regulation facilitate development? What is the role	Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator	1.Plenty 2. it should lobbying &advocay 3. yes 4.Certainly 5.1st tier / 2nd tier details to be discussed 6 &7 will develop with market and regulation will change periodically according to development		
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	simultaneously research to be introduced 2.Research is necessary 3.Never		
G.		TRANSITIONAL MECHANISM			
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?			
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	Should be discussed		



38	Transitional Arrangement for IBBI	TO BE TO THE TOTAL OF THE TOTAL	It took so much period to form IBBI but transitioned to IIV or regulator to happen in planned manner at short period of time say in 2 year period maximum
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	2.in 2 years' time 3.to be implemented in phased manner
40	Transitional Arrangement for RVs	new regulatory regime? What should they transition?	Existing Valuers need to be migrated to the new regime with sufficient up gradation of their profession.

Name: Janes Salilland VARUY DHANGAIV Designation: CEO IIV

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## ICMAI RVO VIEWS

SL No.	Issues for deliberation	Elaboration of the Issue	ICMAI RVO Views		
A. VALUATION PROFESSION					
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	Vision  O-5 - Infant Stage – More to learn  5-10 – Adopting Stage – Modifications of basic learning  10-20 – Matured Stage – Market driven (to be left)  Above these with greater responsibilities and accountability.		
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?			
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	\$ \$100.00  \text{ \tex{ \text{ \text{ \text{ \text{ \text{ \text{ \text{ \text{ \text{		
4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	responsibilities and accountability, Valuers have taken it granted and doing the work in his own way. Not performed well, resulted many of the organisations have suffered and affected		
B.		MARKET FOR VALUATION PROFESSION	FESSION		
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers	segments:(a) valuation entities undertake complicated valuations with a higher fee; (b)		



		and organisational valuers? What influences growth of the market? Does the market need to be developed?		h a lower fee imated to be a		each segment is
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more	1	Category of Valuer	Number of Valuations (%)	Fee from Valuations (%)
		users or any other? Does the market need to be developed? What are	1	Individual	90	10
		relative merits and demerits of individual valuer and organisational	1	Entity	10	90
	competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	However, the proposed framework should agnostic about such segmentation- should neither promote nor discourage either.  2. There are two models of entities do valuation: (a) As under the extant Rules, where entity does valuation, and the valuer in entity does not; and (b) As under the Charte Accountant Rules, where both the entity and members are allowed to practise. The participal were equally divided as to which model is better.  3. All forms of entities (companies, LL partnership firms) should be allowed valuationentities. A majority of		entities doing ant Rules, where he valuer in the er the Chartered he entity and the The participants model is better.  Impanies, LLPs allowed as ity of the be valuation iew that all or 3 partners should irrently provided in entity.		

			registered valuers.
			5. There may be there asset classes, as presently provided in the Rules, to start with. However, each asset class may enable for specialisation in niche areas also. For example, the asset class land and building may have specialisations forestry, agriculture, pisciculture, mining, etc. The statute may enable addition / deletion of asset classes depending on need.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	The model of education should be similar to that of ICAI. The Central regulator should prescribe curriculum of the courses for registration as RV and conduct the final
			4. There may be two kinds of courses for registration as RV:  (a) Top-up Course: An individual with minimum qualification in relevant discipline such as B.E. in Civil Engineering or a professional qualification such as CA may undergo a top-up/bridge course of two years comprising one-year of classroom and one year of intensive internship with a RV.  (b) Complete Course: An individual with a pass in

			years common course for all asset classes, eighteen-months specialisation in the specific asset class, and eighteen months of internship with an RV.  5. Both the models have a component of super
			specialisation in a sub-class of assets such as forestry, jewellery, arts, mining, etc.
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	conducted by a registered valuer: (a) Every valuation required under any law in the
C,		REGULATORY ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	<ol> <li>It should be a mixture of statutory regulator along with regulated self-regulation.</li> </ol>
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	comprising IBBI (Central Regulator) and RVOs.

12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	standards.
13	Scope of Statutory Legislation		<ul> <li>(a) the role of the Central Regulator and its governance structure;</li> </ul>
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	With self regulations - flexibility in adoption of
D.		FUNCTIONS OF THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent	going research / systems (R&D) concept. Second tier may be taken as checker, both of them should work on maker and checker principles, where overlapping can be avoided.



		of such overlap? How to avoid regulatory gaps?	
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	system driven with common jurisdiction.
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	1. As regards the Governing Board of the Central Regulator, there were two views:  (i) The Governing Board should have a Chairperson, a few Whole Time Members and a few eminent citizens as Part-time Members. It should be supported by an Advisory Committee comprising of RVs representing RVOs. The Governing Board must mandatorily consider the views / decision of the Advisory Committee.  (b) The Governing Board should have a Chairperson, a few Whole Time Members and representatives of RVOs as Part-time Members. The Central Regulator (Not Governing Board) should be supported by an Advisory Committee comprising of RVs representing RVOs.  2. RVOs should be companies registered under section 8 of the Companies Act, 2013. It should have board composition as provided in the Rules. A minimum share capital and minimum number of RVs should be required for registration as an RVO.



18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	Through legislation only.
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	PFRDA / IRDAI etc funding extra may also be on
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	maybe given to make necessary changes to the
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	- 10.4 to 10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40 (10.40
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	Authority with checker (Second tier)

24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	Through internal ombudsman.
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first-tier and second tier regulators?	As per legislative provisions.
E.		VALUATION PROFESSIONALS	
27 Eligibility to be a Valuer:  Qualification, Experience. Entity  Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to dualification, graduation with be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?		qualification, graduation with or without experience. Age 25 to 70 years.	
28			market driven.
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	finalise.



31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	Initially may be common, at later stage market may weed out the under performer valuers on the basis of his performance / market reports.
F.		DEVELOPMENT OF PROFESSION	
33	33 Profession vis-a- How is technology influencing valuation profession? What technology Technology may be		Technology may be one the factors but not 100%, subjectivity is also must.
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	
G.	. TRANSITIONAL MECHANISM		
Medium / Long What should be done immediately, what should follow and what should 5 small committees to study and precommendations.		5 small committees to study and give	



			years.
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	Existing valuers should be grandfathered subject to meeting certain norms.
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBB1? How the work would be transitioned to the regulator?	1 10 10 10 10 10 10 10 10 10 10 10 10 10
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	No, through examinations within 2-3 years.





## Views of ICAI Registered Valuers Organisation

S. No.	Issue for delib	peration	Elaboration of the Issue	Suggestions from ICAI RVO
<b>A.</b>			VALUATION PROFES	
1.	Vision of Profession	Valuation	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	independent objective valuations for financial reporting and transactions.

Page **1** of **20** 

		<ul> <li>10 years: A highly regulated profession, well respected, with zero tolerance for lack of objectivity in performance of professional work. The Indian Valuation Standards should be globally acceptable standards.</li> <li>15 years: Indian Valuers should have global presence and at least 1/3<sup>rd</sup> of the world valuation requirements should be met out of India.</li> </ul>
2. Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	Registered Valuer as a concept is not prevalent in large developed countries/markets like US, Canada, UK, Australia, Japan etc.  Valuations are typically performed by experts having the relevant domain knowledge and experience. Usually, valuation professionals in these countries have a basic qualification followed by specialisation in certain areas of valuation. For example valuation professionals performing valuation of securities/financial assets may possess professional qualifications like CA, CPA, and MBA.  In addition, they may take additional specialisation/accreditation with specialised valuation bodies, i.e. American Society of Appraiser, Canadian Institute of Business Valuers, etc.  Here it will be relevant to mention that possession of this additional qualification provides credibility and comfort to the client and as well as user of the report.

			American or the Canadian model for the professions going forward can be explored.
3.	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any	In order to perform valuation, besides theoretical knowledge a Valuer shall also possess practical experience.
		difficulty in adopting them?	The Valuation profession could be built on the lines of Actuary profession as a niche profession with few
4.	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learning's / lessons of	members and/or Chartered Accountancy Profession.  Regulation of Valuation Professionals is an important step to bring accountability to the Valuation profession.
		such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted?	The features of the draft Valuation Professionals Bill, 2008 w.r.t code of conduct, accountability, and eligibility can be adopted.
		What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted?	However, eligibility/qualification for becoming a Registered Valuer needs improvement, especially the
		Experience with the Rules so far. What has worked well? What has not worked well?	examination syllabus.
В.		MARKET FOR VALUATION P	Mandatory practical training is essential.  ROFESSION
5.	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be	Need to do a formal research to get an estimate of market size and potential growth.
		made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset	Based on interactions it appears valuation services market is not big enough and there are too many players competing, including on price to extent there is
		classes, users or any other? What are market shares of individual Valuers and	commoditising of the service.  The market growth is driven by financial reporting and
	0	organisational Valuers? What influences growth of the market? Does the market need	banking transactions, including insolvency.  Market growth needs to be developed.
	A 1-2X	to be developed?	

6.	Market for Valuers	How big is the market for Valuers? What is the market potential over next 10 years? Is	Information needs to be assessed by a research.
		the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual Valuer and organisational Valuer? Should policy promote one over the other?	primary accountability on individual. Organisation concept ensures reasonable size, internal checks and balances to protect firm goodwill, breadth and depth of experience for valuation assignment.
			The organisations can be structured as partnerships or corporate entity. However, if any firm or company is to be registered as a Valuer, at least two persons as Partners or Directors of the Partnership Firm or Body Corporate should be Registered Valuers.
			The liability for a misconduct or other wrong, the penalties, fines or offences including dis-qualification to practice, should be applicable jointly or severally on the firm, or the company and the individual Valuers in practice engaged in the mandate.
7.	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and	Based on the number of professionals offering valuation services, valuation of tangible assets on numerical basis has a sizeable population. There are two/three specialised institutes providing courses in valuation for tangible assets.  In the securities/financial assets segment professionals
		examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	with background in finance have been generally carrying out valuations.

			The model of ICAI may be adopted.
			Education and Examination can be with one agency. Education can confine to Defining course content, providing education material including education videos.
			The present model introduced after 2017 Rules, is checkbox with focus on attending 50 hours of classes and an on line exam. The learning for professionals (including CA) is self study and practical training.
8.	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	Refer Above for size of market. Research till now has primarily been performed by Merchant Banks, Consultants, Leading practitioners, Industry Bodies and Academia in the form of thought leadership.  A market for the use of research exits however the same shall suffer from constraints as information available in public domain could be selective and restrictive.
9.	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	Considering the prevailing market and cost vs. benefits of a Registered Valuer, thresholds for use of Registered Valuer could be explored.  The following thresholds could be considered:  1. Type of Company - Minimum net worth (comprising paid-up capital and free reserves):  Criteria of coverage of entities for Ind AS can be adopted as these are considered to be public interest.
	1-1-X		2. Transactions for which independent valuation by the Registered Valuer(s) is mandatory:

- All schemes of Compromise and Arrangement under the Companies Act, with an exemption to:
<ul> <li>Scheme of Compromise and Arrangement of a wholly owned subsidiary of a company with itself and vice versa; and</li> <li>Compromise with creditors not amounting to either a business combination or a spin- off;</li> </ul>
<ul> <li>Sale of a business including investment business and disposal of a Controlling interest over an undertaking or a company through disposal of shares, an undertaking or a substantial part thereof including a slump sale/itemised sale;</li> </ul>
<ul> <li>Purchases, combinations and restructuring entailing acquisition of business, undertaking or substantial part of an undertaking, where Related Parties are involved;</li> </ul>
<ul> <li>Recapitalisation of companies including but not limited to situations where the company's proposed capital reduction by buy-back or petitioning the Court under the Companies Act.</li> </ul>
<ul> <li>Preferential allotments made to Related Parties and Persons controlling the company under the Companies Act, 1956.</li> </ul>

-			3. Transactions where an independent valuation may be desirable:
			- Purchases, combinations and restructurings not covered above and which entail acquisition of business, an undertaking or substantial part of an undertaking, where:
			The investment exceeds 15% of net worth of
			the acquirer; or
			<ul> <li>The investment exceeds 25% of equity of the acquiree, provided overall consideration exceeds INR 100 crores.</li> </ul>
<u>C.</u>		REGULATORY ARCHITI	ECTURE
10.	Type of Regulation	Does valuation profession require Regulations? Should it be statutory Regulation or self-Regulation or regulated self-Regulations?	Yes, Valuation profession requires Regulations.  The model should be similar to ICAI /ICoAI/ICSI where Governing body comprises 80% of members of the profession who understand the profession and 20% who are nominees of Government to exercise oversight. Such body is a statutory body and is not an SRO as perceived.  A model like this where professionals are involved in governing body, will enable growth of the profession. It is a small profession (few members – max active 25K over 20 years) and it is best regulated this way instead of having a Government administered body which will
11.	One Tier vs Two Tier	Should there be a central regulator or many parallel regulators competing with one	One tier so that the profession is administered uniformly. The ICAI/ICoAI/ICSI is a time tested model
	Regulation	paratier regulators competing with one	unionity, the teamteon less is a time tested model
	Regulation	another? Should there be two tiers of	which has allowed the profession to scale.

		competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	
12.	Regulation vs. Development vs. Standard	<ol> <li>Should work relating to Regulation, development and standards relating valuation profession be housed together?</li> <li>Do Regulation and development</li> </ol>	Yes.      Compliment; good regulation automatically leads to
		<ul> <li>compete or complement each other?</li> <li>Do Regulations and standards compete or complement each other?</li> <li>What should be the scope of Regulation and development in terms of markets for Valuers, valuation services, valuation education and valuation research?</li> </ul>	development.  3. Regulations and standards are different. Regulations are essentially around membership, conduct, functioning, etc whereas standards are relating to performance of work- issuing a valuation report/ expressing an opinion  4.IRDAI model to be followed; which functions as both regulator and developer.
13.	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	The legislation should be similar to that of ICAI/ICoAI/ICSI.
14.	Malleability of Framework	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	Research oriented and those areas which are in infancy stage, guidance notes to be issued and once they mature, standards to be issued.

D	FUNCTIONS OF THE REGULATOR			
15.	Role of Each Tier i			
	Regulation/Development of			
	Valuers/Market	education, development, standard setting, Any other model is waste of precious national resources		
		research, valuation services? What should (including time). With so many RVOs, each having		
		be the role of the second tier in education, capital, each organising programs sub scale, the		
		development, standard setting, research, management over time will lose enthusiasm, a failure of		
		valuation services? How each such function even a single RVO will shake confidence of public on		
		can be neatly segregated between two tiers? valuation.		
		Or some overlap is desirable? What are the		
		good areas for overlap and the extent of It is a small niche profession and best dealt by one		
		such overlap? How to avoid regulatory institution.		
		gaps?		
16.	Scope and Approaches of			
	Regulation	Valuers, market for valuation services,		
		valuation education, valuation research -		
		needs Regulation? What are tools of		
		Regulation? What is the role of first tier		
		regulator in Regulation? What is the role of		
		second tier regulator in Regulation? Should		
		market undertake Regulation? What is		
		scope or extent of self-Regulation? Should		
		first tier regulator and second tier regulators		
		compete with each other in Regulation?		
		What should be jurisdiction of the first tier		
<u></u>		and second tier regulators?		
17.	Governance of Each Tier	Should regulator – first tier and second tier Single tier, statutory body as explained above.		
		- be a statutory body, a for profit company,		
1		a not-for-profit company, an association of		
	 	persons, or a society? What should be		
	$\perp$	composition of its governing body? What		
		should be the extent of stakeholder		

representation in the governing body? How	
democratic legitimacy can be imparted to	
the regulator? What should be net worth and	
shareholding requirements in case of	
companies being regulators?	
18. Accountability of Each Tier How to hold a regulator – first tier and Single tier.	
second tier - accountable? What measures	
can be used to assess performance of For each asset class, there can be	Board within the
regulator in the area of development and in Statutory body for each asset class	ss having people of
the area of Regulation? relevant SME, just as ICAI has A	21.
VSB, etc	, , ,
19. Independence of Each Tier What are the areas the regulator - first tier Single tier- as discussed above.	
and second tier - should be independent to	
take decision? What areas it may not have	
full independence? How much control	
Government should have over the first tier	
regulator and what are the means of such	
control? How much control first tier should	
have over the second-tier regulator and	
what are the means of such control? How to	
protect the regulator from regulatory	
capture?	
20. Resources of Each Tier What should be the sources of funding of Revenue model - membership	face and adjugation
	source of funds for
	1
regulators? What kind of technological	. mot founded by Court
resources does a regulator need? What This should be independent body	•
should be extent of grant from The valuation profession is a k	· -
Government? What should be revenue nation economic health. Its indep	
model? even if less likely a potential risk	
may be some weak Governmen	-
with political ideology should be	avoided.

			The body should be independent and be able to have international practices followed and influence building international practices.
21.	Scope and Manner of Making Subordinate Legislation	What areas of development, Regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	For subordinate legislation, SEBI method shall be followed which is more rule based, in certain areas.
22.	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, Regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	RVOs need to be able to manage their members in a self-regulated manner, improving their competency and capability, etc.
23.	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	Valuation Professionals should be monitored by the 2nd Tier Regulator.  2nd Tier Regulator shall be monitored by the 1st Tier Regulator.
24.	Scope and Manner of Quasi- Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions	Currently, IBBI is a quasi-judicial body and functions of such body should not be given to the 2 <sup>nd</sup> tier Regulator.

Page **11** of **20** 

		that can be given in disposal of a quasi- judicial matter? What should be the appellate mechanism?	
25.	Dealing with Grievances of Valuers		It shall be as per the existing rules. Moreover, RVOs need to be more in touch with their members.
26.	Dealing with Grievances against Valuers	How should grievance and complaints against Valuers be handled by first tier and second tier regulators?	Valuations are subjective and two Valuers with similar set of facts can have different views. Accordingly, principles of limited review for valuations should continue:
			1. For the serious cogent complaints there is a need to put a mechanism for review that may reveal the need to further investigate after prima-facie verification.
			2. A panel of Valuers not in active practice could be constituted as a Screening Committee/Peer Review Committee which can enable the Institute to discharge its role for valuation related matters, when complaints are filed;
			3. The Screening Committee panel could be instituted on an annual basis by inviting Valuers not in active practice to participate on the Screening Committee;
	)		4. If the Screening Committee forms a prima-facie view about the complaint(s) or grievance(s) merit examination, they will forward the same for Peer Review;
		· · · — — — — — — — — — — — — — — — — —	

	5. Screening Committee may collate similar complaints, and deal with such complaint(s) on a case-by-case basis;
	6. Personal hearings not be allowed for the process of screening;
	7. Institute of Valuers shall maintain a panel of registered valuers who are undertaking or have undertaken mandatory valuations to conduct a peer review and form the Peer Review Committee.
	8. Peer Review Committee shall review the complaints screened by the Screening Committee and for which a peer review is recommended.
	9. Taking into account the cost of the peer review process, a single peer reviewer may be considered as a preferred option. Appointment of a qualified eligible lawyer to assist the Peer Review Committee on judicial questions is envisaged.
	10. The Peer review may rely upon the sealed or confidential filing of the final valuation report.
n. Les	11. Non-cooperation or non-participation in the Peer Review Process by the Valuer or the company shall be considered as a ground for considering and awarding penalties and declaring a misconduct and the adjudication thereof by the Institute;
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				recommends such review based on complaints received. At a later stage, the DCA may contemplate a review process as a quality check where the work of every Registered Valuer is subject to a Peer Review at least once every five years.
				13. Severe penalty is recommended for acts of fraud in
ı			VALUE ON BROWNING	case of filing complaints.
_	<u>E.</u>	 	VALUATION PROFESSION	
	27.	Eligibility to be a Valuer; Qualification, Experience, Entity		Valuers, who have already cleared the IBBI exams, may be registered in their individual capacity as "Valuers in practice", provided they meet certain minimal qualification and experience requirements.  The qualification requirement for this one time registration as "Valuers in practice" shall be a Post Graduate in Accountancy or Financial Management or its equivalent including Chartered Accountancy, Cost Accountancy Company Secretary, or Post Graduate Diploma in Financial Management.  The one time window for registration of "Valuers in practice" shall apply to those persons who have the relevant qualification as on a specified date.  A minimal experience requirement in the area of
		J. A. S. C.		valuation for registration as "Valuers in practice" could also prescribe. Post cut-off date, MCA could introduce the syllabus for examinations to be carried out under the

12. At the first stage, a Peer Review should be conducted, only where the Screening Committee

			<ul> <li>subjects namely:</li> <li>a) Theory of valuation – valuation of business enterprise and shares</li> <li>b) Practice and procedure of valuation; and</li> <li>c) Ethics.</li> </ul>
28.	Independence and Accountability of Valuer	How to hold a Valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a Valuer be fixed? Should fee be regulated?	Valuation is essentially an expert determination. Valuers need to follow the model code of conduct and perform his assignment with duty of care.  Valuers should be accountable for their functions and have to act independently and fairly. To facilitate prima-facie review, when there are complaints cogently made, a review procedure by peer reviewer is suggested. Such a peer review would conduct the limited review for verifying existence of fraud, misconduct or gross negligence in making of the valuation assessment.
29.	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	Registered Valuers should observe the following fundamental principles:  Integrity and Fairness; Professional Competence and Due Care; Confidentiality; Independence and Disclosure of Interest; Adherence to Guidelines, Rules and Regulations; and Maintenance of Working Papers.  The salient principles of the Code of Conduct for a

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- 1. In the conduct of business to observe high standards of integrity and fairness.
- 2. Render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement.
- 3. Not misuse client confidential information and/or disclose confidential information except as required under law.
- 4. Disclose to the clients, possible sources of conflict of duties and material interests while providing unbiased services.
- 5. Abide by the guidelines, rules and Regulations, which may be applicable and relevant for acceptance and conduct of valuations.
- 6. Maintain working papers for a minimum period of 3 years for production before a regulatory authority or a peer review. In the event of a dispute the record shall be maintained till the disposal of the claim/case.
- 7. Not to allow any person to practice in his name as Valuer.
- 8. Not to charge a success fee for independent valuation work. If test of independence is not required, a Valuer may negotiate a success fee, which has to be disclosed as part of his valuation report.
- 9. Not to indulge in mandate snatching or convenience valuations in order to cater to the company's or client's needs.
- 10. Not to disclaim liability in the preparation of the valuation report except to the extent of assumed accuracy of information provided by the company.

Valuation	d Manner of Making  Standards	Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	Valuation standards are required to act as a "Guiding light" to the Valuers. There is no uniform or globally accepted Valuation Standards like IFRS, i.e. the same may vary across countries.  Valuation standards should be locally developed keeping in mind the best global practices and local Regulations.  ICAI Valuation Standards that have been developed by considering global practices and Indian laws shall be considered for prescribing Indian Valuation Standards.
31. Protection	n for Valuers	How Valuers can be protected for their bonafide acts? Should protection flow from Regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	Protection to Valuers should flow from law for it should not appear that Regulations have been turned to an 'engine of oppression'.  It is a reality of modern day life that competitors/ frivolous investors initiate litigations to stall corporate action.  It is imperative that the complaints are screened before pursuing and Peer Review should not be used to settle scores with competitors, either as Valuers or as companies.  The severest penalty should be imposed for frivolous complaints/litigations to dissuade "fraud" in filing of complaints.  The screening committee/peer review committee should not be put in place to 'harass' or 'hound', but to

32.	Parautation of the profession	How to build and protect constation of	conduct themselves in a statesman like manner, to aid and enhance the reputation of Valuers as professionals.  Regarding disclaimers with regard to any caveats, limiting condition or other disclaimers to the report must be clearly stated with appropriateness.  However, the Valuer shall not disclaim liabilities for his expertise or deny his duty of care.  Protection should be ideally provided by following a
32.	Reputation of the profession	How to build and protect reputation of Valuers? What factors to be considered to consider a person as "fit and proper" for registering a person as Valuer?	code of conduct, and by the RVO standing up for Valuers.  The factors to be considered to declare a person as 'fit and proper' for registering a person as Valuer is that the person shall be of a sound mind and be able take
			decisions independently with utmost conviction.
F.		DEVELOPMENT OF PROI	
33.	Profession vis-à-vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, Valuers, valuation education and valuation research? Will technology / machines replace valuation	Technology has impacted the Valuation profession immensely. Data which was earlier difficult to get, is now available at the click of a mouse, albeit at a cost. Similarly Valuation Models are available "Off the Shelf".
		professionals in course of time?	Also, software's are available at an increasing rate which can enable a person to develop/carry out an interactive valuation.
	A. Je		However, it will be relevant to mention here that while it may be possible to perform quantitative analysis and valuations using the software, the element of "judgement" and "experience" cannot be replaced.

			Technology can be a great enabler but its results can get
34.	Scope and Approaches of	What is the scope of development? To what	influenced/ constrained by the quality of data.  Awareness should be there through CPE programmes as
J <b>-7</b> .	Development	extent it includes lobbying? Does it include	existing in CA profession.
	Bevelopment	advocacy? Does it include development of	existing in C/1 profession.
		markets? Does it include education.	
		continuing professional education,	
		examination, development of curriculum	
		and study material, etc.? How can	
		Regulation facilitate development? What is	
		the role of first tier regulator in	
		development? What is the role of second	! !
		tier regulator in development? Should	
		market undertake development? Should	
		regulator compete with market in	
		education?	
35.	Scope and Approaches for	What is the scope of research? How much	Presently, there is no research in place. There is
	Research	of research is necessary for sustenance of	enormous scope of Research.
		valuation profession? Will market	*
		undertake research on its own? How	Grant from Govt. may be there to facilitate research.
		research can be facilitated and encouraged?	Introduction of Master Degree courses in Universities
		What is the role of first tier regulator in	will also promote research.
		research? What is the role of second tier	
		regulator in research? Should regulator	
		compete with market in research?	
G.	<u> </u>	TRANSITIONAL MECHA	ANISM
36.	Phasing: Short/Medium/Long		There shall be a phase of regulatory framework for at
	Term	regulatory framework be phased? What	least 3 years
		should be done immediately, what should	
	1. 1.	follow and what should be done in long run?	

37.	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	All the existing Registered Valuers should be grandfathered. However, proper legal opinion should be taken.
38.	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	Transitional arrangement for IBBI should be 1 year.
39.	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs is provided to comply with the new norms. Should the number of second tier regulators be capped?	There should be specific parameters for transition to as second tier regulator.  At least, one year should be provided to the existing RVOs to comply with the new norms.  No, there should be no cap in the number of second tier regulators.
40.	Transitional Arrangement for RVs	·	Yes, the existing Registered Valuers should be

Name: Sarika Singher

Designation: Authorised
Signatory
ICAI RVD

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## Views of PVAI Valuation Professional Organisation

SI. No.	Issues for deliberation	Elaboration of the Issue	Views
A. VALUATION PROFESSION		ACCESSION OF THE PROPERTY OF T	
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	Due to fiduciary responsibility caste on the valuation profession, further being a multi-disciplinary service, we are of the belief that the closest that it can be compared is to the auditors/accountants.
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	Facts and figures not readily available
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	Facts and figures not readily available
4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	Facts and figures not readily available
B.		MARKET FOR VALUATION PROFESSION	ON .
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	1. There are broadly and roughly two market segments:(a) valuation entities undertake complicated valuations with a higher fee; (b) individual valuers undertake simple valuations with a lower fee. The share of each segment is estimated to be as under:

6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	
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			FON

Category of Valuer	Number of Valuations (%)	Fee from Valuations (%)
Individual	90	10
Entity	10	90

However, the proposed framework should be agnostic about such segmentation- should neither promote nor discourage either.

There are two models of entities doing valuation: (a) As under the extant Rules, where the entity does valuation, and the valuer in the entity does not; and (b) As under the Chartered Accountant Rules, where both the entity and the members are allowed to practise.

WE SUBSCIBE TO THE SAME PRINCIPLES AS FOLLOWED UNDER THE CHARTERED ACCOUNTATS RULES, WHERE BOTH THE ENTITY AND THE REGISTERED VALUERS ARE ALLOWED TO PRACTICE INDEPENDENTLY OF EACHOTHER.

3. All forms of entities (companies, LLPs, partnership firms) should be allowed as valuationentities. A majority of the directors/partners should be valuation professionals. There was also a view that all or 3, whichever is less, of the directors /partners should be valuation professionals, as currently provided in the Rules.

			THE EXISTING RULES UNDER REGISTERED VALUERS AND VALUATION RULES, 2017 SHOULD CONTINUE  4. Where a company is a valuation entity, (a) it must not be a subsidiary or have subsidiaries; (b) at least 51% of equity must be held by registered valuers; and
			(c) its MAIN object should be valuation. 5. There may be three asset classes, as presently provided in the Rules, to start with. However, each asset class may enable for specialisation in niche areas also. For example, the asset class land and building may have specialisations forestry, agriculture, pisciculture, mining, tea and coffee plantation, etc. The statute may enable addition / deletion of asset classes depending on need.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	PVAL VPO SUGGESTS THE TOPUP COURSE AS THE MODEL OF EDUCATION FOR REGISTERED VALUERS:  TOPOUP COURSE:  a. An individual with minimum Engineering Graduation for tangible assets or  b. An individual with minimum Graduation in Commerce, Business and Finance or with a professional qualifications such as CA, CS, etc. for securities and financial assets"

8	Market for		would undergo a fulltime top-up/bridge course of two years.  5. The topup course may have a component of super specialisation in a sub-class of assets such as forestry, jewellery, arts, agriculture, tea and coffee plantation, mining, etc.
G.	Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	The Universities and the Central Regulator should conduct and promote research.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	The following valuations should mandatorily be conducted by a registered valuer:  (a) Every valuation required under any law in the country; and  (b) Every other valuation required for a decision by Government or a public authority or a financial institution, by practice.
C,		REGULATORY ARCHITECTURE	institution, by practice.
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	<ol> <li>It should be a mixture of statutory regulator along with regulated self-regulation.</li> </ol>
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	It should be a two-tier structure, as in place comprising IBBI (Central Regulator) and RVOs.     The standards should be set in the manner similar to secretarial standards and accounting.
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of	

		regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	(a) the role of the Central Regulator and its governance structure;
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	Recognise and include as many different
D.		FUNCTIONS OF THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	with regulated self-regulation.  Tier I
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What	valuation services being offered by RVs.

		is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	Tier II
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	Tier II – Not for profit company (existing RVOs)
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	Accountabily lies with tier one only , tier two only acts as an extension to tier one .
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	tier regulator. Tier 2 will only assist in education
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	
21	Scope and Manner of Making	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the	standards be governed by subordinate legislation

	Subordinate Legislation	instrument for subordinate legislation? Best practices that may be referred to.	
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	organisation in the two-tier structure, function of
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	only.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	Should be dealt by tier one only
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	The Grievance redressal board of the regulator should have invitee members from each of the RVOs.
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	b. Further at the time of addressing the grievance for or against a RV, the constituted committee should have a representative of the respective RVO of whom the RV is a member.
E.		VALUATION PROFESSIONALS	population of the second of th
27	Eligibility to be a Valuer: Qualification, Experience, Entity	valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only	As stated in point no.7 we believe that there should be only a topup mechanism for fulfilling the eligibility without diluting the entry level / basic graduation criteria.  As stated in point no.6, with regards to Organisational Valuers eligibility.

		should be available? Should a minimum and maximum age for practicing of profession be specified?	Recognised universities and/or RVOs in collaboration with recognised universities.
			Minimum age should be specified. Whereas there should not be any maximum age limit for practising as RV
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	Valuer is responsible for every act of him/ her. Minimum fees may be prescribed. However no
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	Yes; Monitoring body to decide on details
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	We should follow the IVSC with necessary departures with regards to Indian context.
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	RVs should have insurance to protect against professional liabilities. They should have protection against actions taken in good faith.
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	
F.	DEVELOPMENT OF PROFESSION		The second secon
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	Let education for valuers take care of this aspect

34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of s econd tier regulator in development? Should market undertake development? Should regulator compete with market in education?	Development through education system only	
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	Education system to develop avenues for research.	
G.		TRANSITIONAL MECHANISM		
36	Phasing: Short / Medium / Long Term	be done in long run?	Transition should be in a phased manner with a horizon of 18 months from the date of notification of the new regulatory framework.	
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	Existing RVs should be grandfathered. Other valuers may be grandfathered subject to meeting certain norms.  For example a Section 34AB of Weath tax 1957 registered valuer should be recognised and permitted to practice with his registration for purpose of those acts likewise an IBBI registered valuer to practice with his registration for the purposes under Companies Act. 2013. However both categories to regulated under this regulatory framework.  In the event of a section 34AB valuer wanting to register under IBBI, he would be required to	

			comply with the eligibility criteria as per the rule of Valuers and Valuation 2017 of companies Act, 2013 and vice-versa.
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	
39	Transitional Arrangement for RVOs	stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	transition as a second tier body.
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	Yes. Automatically into the new regime without any further entry hurdles.

A. V. Pende

Designation: Mr.D., PVAI VPO

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## SUGGESTIONS BY CVSRTA - REGISTERED VALUERS ASSOCIATION

SI. No.	Issues for deliberation	Elaboration of the Issue	Views
A.		VALUATION PROFESSION	d
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	The vision should be that valuation should fall as a separate specialized profession over the years similar to profession such as CAs, Doctors. However cross practice should be allowed like CAs can work as CA as well as Valuers, smilarly Engineers and Other Professionals should be allowed to practice in their specific field apart from practicing as valuers
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	None of the Foreign model will work in India because of laws like Rent Control Act, very poor and unreliable market data & existence of parallel economy throughout India.
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	ICAI (Chartered Accountants)  A. Preparing syllabus and conducting exams  B. Enrolling and Monitoring members  There should not be any difficulty in adopting the same
4	Review of Valuation Profession in the Country	from the fraft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	There is no Governing body, there is no separate statute Various policies framed by various authorities are not in in sink with each other hence creating confusion. There is no body to hear grievances of Valuers. One sided arbitrary decision being made by PSUs and Banks without understanding the subject of valuation.  Features of 2008 Draft Bill: No features of the Draft Valuations Professionals Bill, 2008 should be adopted because it overleaching powers to other professionals over the actual valuers which was absolutely incorrect and hence it did not go through.



В.		MARKET FOR VALUATION PROFESSION	R b All shall shall record to the shall record	ules, 2017 ("the Reen implemented / should be delete lso disciplinar/ ponould be exclusive resent rule require his is not proper. Yeturn to RVO givinger. Date, Name, Youst be called.  There are other sugnituded and Valuation) Rule and Valuation) Rule	ules") can be adopted well except for the lowers which has created wers which are currely with council, as Reg. Valuer to servaluer may be asked a details of valuation value. Only in case of gestions which are point the Companies (Res., 2017.	matrix in Ancexure lot of confusion, ently given to RVOs ad report to RVO. I to file only annual a done during the f complaint report given below egistered Valvers
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	Vi Vi	aluation entties aluations witha hi	undertake large gher fee; (b) individu ower fee. The share	narket segments: (a) time consuming ial valuers undertake of each segment is
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market		Category of Valuer	Number of Valuations (%)	Fee from Valuations (%)
		segments in terms of asset classes, users or any other? Does the market need to be		Individual	80	20
		developed? What are relative merits and demerits of individual valuer and		Entity	20	80
	C	organisational valuer? Should policy promote one over the other?		oout such segme scourage either. All forms of entit	entation- should no	should be agnostic either promete nor s, partnership firms)



			<ul> <li>4. Where a company is a valuation entity, the following points should be considered.</li> <li>(a) It has been set up for only providing valuation services and no other services and that in the case of the company, it is not a subsidiary, joint ventures or associate of another company or body corporate;</li> <li>(b) All the directors/partners should be registered valuation professionals.</li> <li>c) Partners / Eirectors of such firms / companies shall be permitted to take remuneration from the Firm / companies</li> <li>Suggestion:- If any valuer takes an assignment where the fees are equal ar more than 20 lakhs for a single assignment it will be mandatary to disclose his net worth to the client.</li> <li>(d) At least 76% of equity must be held by registered valuers.</li> <li>5. There may be three asset classes, as presently provided in the Rules, to start with. However, each asset class may enable for specialisation in niche areas also. For example, the asset class land and building may have specialisations forestry, agriculture, mining, plantation, art etc. The statute may enable addition / deletion of asset classes depending on need.</li> </ul>
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - Is suitable for valuationeducation? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	courses for registration as RV and conduct the final



			3. The admission to courses should be allowed through a common competitive entrance examination which should
			tommon competitive entrance examination which should be conducted at national level.  4. There may be two kinds of courses for registration as RV:  [a] Top-up Course: An individual with minimum qualification in relevant discipline such as B.E. in Civil Engineering or a professional qualification such as CA may undergo a top-up/bridge course of two years comprising two -year of classroom and (Master of Valuation) one year of intensive intenship with a Sr RV by council or RVO and having minimum 10 years' experience in the filed of valuation or as decided by Council.  [b] Graduates who wish to do Master of Valuation will also have to undergo minimum 1 year internship with RV designated as Sr RV by council or RVO and having minimum 10 years' experience in the filed of valuation or as decided by Council.
			<ol> <li>Both the models have a component of super specialisation in a sub-class of assets such as forestry, mining, etc.</li> </ol>
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivite research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	The Universities and the Central Regulator should conduct and promote research. Students of final year of Master of Valuation should be given specific projects of research and such projects prepared by these students should be made available to RVs for enhancing knowledge
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorly be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	The following valuations should mandatorily be conducted by a registered valuer:  (a) Every valuation required under any law in the country; and  (b) Every other valuation required for a decision by Government or a public authority or a financial institution, by practice.
C.		REGULATORY ARCHITECTURE	



10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self- regulation or regulated self-regulations?	<ol> <li>It should be a mixture of statutory regulator along with regulated self-regulation.</li> </ol>
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators — many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	2. It should be a two-tier structure, as in place comprising IBBI (Central Regulator) and RVO: the central regulator or the council should work with RVO for next 2-3 years. Thereafter all the functions of the RVOshould be taken over by the Council All the RVO should be removed of all their regulatory powers and they should remain only members organisation which will have the task of carrying out CEPs, Research and other administrative functions, hence 3 years down the line the central council alone like company secretary institute shall regulate the profession fully.  3. The standards should be set in the manner similar to secretarial standards and accounting standards. And the regulations, development should compliment with the standards and work relating to regulation, development and standards relating valuation profession be housed together. The council should decide the syllabus and take the exam
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	
13	Scope of Statutory Legislation	How longshould be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	similar to company secretary institute.  The legislation should spell out: (a) the role of the Central Regulator and its governance structure; (b) the role of the RVOs; (c) all the Offences and Penaties, including appellate mechanism should be delt by central regulator, . (d) Manner of exercising quasi-legislative, executive and quasi-judicial functions by the Central Regulator and the RVO.
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover-valuations under different laws?	The act should make a provision adding new asset classes which should be covered in the rules, The act should specify the different laws which are covered.
D.		FUNCTIONS OF THE REGULATOR	Marine Carrest Carrier



15	Role of Each Fier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	During the initial three years there shall be two tier regulation in which the 1° tier regulation the council shall prescribe the syllabus, take the examination, set the valuation standards, take disciplinary actions and 2° tier regulator i.e. RVO shall make the nembers, provide various education programmes if necessary and provide certificate of practice and continuation education programme, RVO will also handle grievance redressal, monitoring and there should be no overlapping functions between RVO and Council.
15	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of sef-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	(INC.) : (1) 이미니(INC.) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1) : (1)
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for-profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	The first tier regulator shall be statutory body cornorising of nominees of central government, few eminent personalities from the valuation profession and nominees of RVOs.  Second tier of regulator shall be not for profit company. There should be no specific mention about net worth and shareholding requirements in case of companies (RVOs) being regulators. As per Nitiayog study infrastructure has nothing to do with the outcome of education.
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	



19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	Both tier body to be independent for respective function as explained earlier. The control of the government will be through the nominees appointed by the government in the council.  Control of the first tier should be similar to control as IBBI has over RVOs.  Provisions for the same should be made in the rule. In order to project the regulator from regulatory capture the first tier shall have no election, however the 2 <sup>rd</sup> tier may on they own discretion nominate their nominees either through election or selection as they deem fit.
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	First Tier body can function very well by charging annual license fees to valuers. However government will have to give substantia grant for working of First tier body which will have heavy expenses for upliftment of education in valuation. Once substantial universities come up for education in valuation, expenditure & grant will reduce.  For second tier they can charge members with membership fees, COP fees, CEP fees and subscription fees. RVO should not be given any grant from government.
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	All areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator. No separate legislation to be made for 2 <sup>nd</sup> tier regulation. It should form part of rules.  Procedure for making subordinate legislation shall be by amending the rules.
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	The present by-laws as per present valuation rules of



23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	Each tier shall execute quasi judical function in respective field which should be mentioned in the rules.  Disciplinary and appellate mechanism should be with the council.
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	This should be as per the policy decided by RVOs which is good enough as per the current system.
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first-tier and second tier regulators?	Grievance should be handled by the Second tier regulator i.e. RVO and the complaints should be first handle by RVO though its monitoring policy which will include inspection and investigation and then based on the merits and findings refer it to disciplinary committee with the council.
E.		VALUATION PROFESSIONALS	<del></del>
27	Eligibility to be a Valuer: Qualification, Experience, Entity	What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	The present rules of the registered valuer under the companies act define the same clearly, however the indicative matrix should be removed.  Should one have a degree in valuation – yes, 3 years after the formation of act, master degree of valuation in specific branch should be made compulsory.  Should one have only top up education in valuation, after having a degree in engineering, management, finance etcyes, one should have a minimum experience of one year of internship below a registered valuer having an experience of not less than 10 years in the field of valuation before providing certificate of practice by RVO.  Top up education can be provided by university and the same should be a minimum master level programme. What should be the eligibility to be an organisationa valuer- all the directors or partners should be registered valuers and the company should not be subsidiary of any



			other company, nor that company should have any subsidiary company  How many asset classes should be available- initially 3 asset classes should be made available as per the existing valuation rules under companies act and then subsequently further asset classes will be added like mining, forest, plantation, agricultural, jewellery, art which will be 6 months courseprovided by RVOs under the above discipline.  Should a minimum and maximum age for practicing of profession be specified- the minimum age should be 25 years and there should be no maximum age. Valuers work is more of intelectual nature. If doctors & lawyers can practice upto age of 85 / 90 years, why not valuers
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	Existing rules prescribed under companies act are well defined to holdvaluer to accountable and minimise influence of stakeholders for his services,.  The disclosers of valuer cannot be defines as the same is based on case to case basis.  The fees of the valuer cannot be fixed and should be decided by the market.
29	Code of Conduct and Ethics	is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	Existing rules prescribed under companies act are well defined. In order to insure code of conduct provision should be prescribed in the monitoring policy.s
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	Valuation Standard is a job of experienced valuers. Expert Committee may be formed by valuers council to prepare draft standard. After obtaining suggestion from practicing valuers in India and discussions, it can be finalized for implementation. Review of valuation standard may be every 2 years, as it is continuous process depending upon development in respective fields.



31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimer; provide?	Valuers should be protected by Regulating council, in case of frivolous charges of complainant or even by CBI. It is well known that in India parallel economy exists & Intrinsic value of Real Estate is quite different from agreement value. If there are no bad intentions, libensed valuer should be protected. Valuation is an estimate of valuer. Disclaimer to certain extent is permissible, hence in the disciplinary committee there should be experienced valuers in the respective discipline who understand the profession and they should be on the adhoc basis.  Obtaining of insurance from insurance company should be optional and it should be decided by the market.
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	factors to be considered to consider a person as 'fit and proper' for registering a person as valuer should be that the valuer may give a declaration stating that he has not be convicted in any criminal cases or any restraining orders have been passed against him on annual basis and he must also be financially solvent.
F.		DEVELOPMENT OF PROFESSION	
33	Profession vis-a-vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	Technology has helped a lot to valuation profession. Some Market data are available on net. Some states have put stamp duty registration data on net. These enhances quality of work of valuer. Google map helps identifying location of property. Latitude & longitude data of asset also helps in identification of property. Technology can be assistant to valuer but cannot replace professional as valuation is very complex assignment.
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development?	professionalism in field of valuation. It cannot & should not be competitor to universities who are real back bone of



		Should market undertake development? Should regulator compete with market in education?	education system in India by making suggestion to modernize syllabus in line with development in the field of valuation.  Continuing Education Programmee can be conducted by Tier- 2 body, , in different parts of country, by charging appropriate additional fees.
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	India has best brains in world in all fields but we Indian are very poor in research work in every field. Same is case for valuation. Research Work is Practically Zero in field of Valuation. Some research is done by foreign companies / master of valuation students but said data is never made public. Valuer, council cannot do this work but can join hands with universities for carrying out research work.
G.		TRANSITIONAL MECHANISM	
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	The current system under the companies act should continued for the period of one year post which the new regulatory system should made effective and finally the RVOs should be removed from their powers and there should be only a single council with full power to control the entire valuation profession
37	Grandfathering	Is there any need for grand fathering? Who canbe grand fathered? What should be the process of grand fathering?	Existing valuers who are RV under companies act should be grandfathered automatically and valuers who are RV under Wealth Tax Act, will have to pass the examination of valuation as prescribed by the council
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	
39	Transitional Arrangementfor RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how	The existing rules under the companies act for RVOs are well defined and do not require any change. Since within a period of 3 years central council should take over the



		much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	function of RVOs it is advisable to restrict no. of RVOs to the existing number.
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	Kindly refer to point no.37

CVSRTA Registered Valuers Association

Chairman Director 2 CEO
(SUNITEUMAR GUPTA)

## Views by : Association of Certified Valuators and Analysts (ACVA)

SI. No.	Issues for deliberation	Elaboration of the Issue	Views
A.		VALUATION PROFESSION	
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	Components of all three may be required, please see the response to Q.3 below
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	geographies like the U.S. and Australia are to a large extent self-regulated. There is, however, strong differentiation on specialization (market offerings or industry specialization), experience, quality, additional qualifications (CVA, CFA, ASA, etc.).  Also, there is reliance on standards such as IVS (all asset classes), RICS (real estate) or Uniform Standards of Professional Appraisal Practice (accepted widely in the U.S.)  The emphasis on research is also quite high, which could be adopted.
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	In terms of maintaining quality of education a

	Barton of		something like a specialization (similar to a medical profession could be there)
4	Review of Valuation Profession in the Country		towards the development and standardization of the profession
В.		MARKET FOR VALUATION PROFESSIO	N .
5	Market for Valuation Services		sensitive. In India, it is primarily price competitive. Efforts to be made to make the

			The situations when the valuations are required should be documented, vetted and circulated.  Asset Classes: There may be three asset classes, as presently provided in the Rules, to start with. However, each asset class may enable for specialisation in niche areas also. For example, for S&FA, valuation of derivatives, or valuation specialization for some specific industries. The statute may enable addition/deletion of asset classes depending on need.
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer. Should policy promote one over the other?	Market Share: Currently, valuation entities undertake valuations with larger scope, typically with a higher fee. Individual valuers undertake valuations with a smaller scope, typically with a lower fee. As such, in terms of number, individual valuers outnumber entities, however, in terms of fees, the reverse in the case.  Rough Estimate of the market size is 15%-20% of the audit market. However, research needs to be
			The market needs to be developed by increasing awareness among clients, including them in discussions by the Central Regulator.  The proposed framework should be agnostic about such segmentation- should neither promote nor discourage either.

## Valuation Professionals In the next few years, the transition should be for only those individuals to become RVs who practice only valuation similar to the condition for valuation entities as mentioned below (like CoP). This will ensure that the overall quality and focus increases and will also help the clients gain confidence in the ability of the valuers and the quality of work The professionals who are certified for S&FA should not be certified for L&B or P&M and vice versa. Valuation Entities For entities doing valuation, both the entity and the members should be allowed to practise, but for a valuation report, the signoff should be from both the entity and the individual leading the valuation. All forms of entities (companies, LLPs, partnership firms) should be allowed as valuation entities. A majority of the directors/partners should be valuation professionals. All or 3, whichever is less, of the directors/partners should be valuation professionals, as currently provided in the Rules.

7	Market for		<ul> <li>Where a company or an LLP is a valuation entity, at least 51% of the equity must be held by registered valuers; it should not be or have a subsidiary; and its sole object should be valuation.</li> </ul>
	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education — legal, medical, accountancy or any other — is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?.	The Central regulator should prescribe the

			<ul> <li>(b) Complete Course: An individual with a pass in Class XII, may undergo a five-year comprehensive course from recognised places (RVOs and Universities). This may have two years common course for all asset classes, eighteen-months specialisation in the specific asset class, and eighteen months of internship with an RV entity or an RV.</li> <li>(c) Short-term Course: Individuals with certain prescribed qualifications as well as the prescribed experience in valuation, can undergo a short-term course consisting of specific modules on valuation and then the specialization subject.</li> <li>(a), (b) and (c) should collectively replace the existing 50-hour training.</li> <li>All three models should have a component of super specialisation as mentioned in responses to Q7 (last point).</li> <li>If the individual takes up employment right after the course (a) or (b), their course certificate should remain valid for 3 years for them to apply to become an RV.</li> </ul>
8	Market for Research and	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	

	Knowledge Management		agencies for the first 3-5 years with the help of a grant provided to it by the Government, Later as the market matures, the respective valuation professionals can buy the research directly from these agencies. Research may need to be updated annually or on a continuous basis.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	conducted by an RV to maintain quality and for
C.		REGULATORY ARCHITECTURE	**************************************
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	Yes, a central regulatory body.
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	comprising a government appointed Central Regulator as tier 1 and RVOs as tier 2. Post that, there should be just a single tier with

12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	manner similar to secretarial standards and accounting standards by the committee formed by MCA or Ministry of Finance. The valuation standards should be based on internationally accepted valuation standards with India-specific updates by the committee formed by MCA or Ministry of Finance. These standards should be reviewed and revised every 2-3 years.
13	Scope of Statutory Legislation		Legislation should be principle based

14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it The initial framework should be flexible enough cover any emerging new asset class? How should it cover valuations to cover all laws under which valuation is under different laws?
		The framework needs to be revisited every year and have amendments as required.
D.		FUNCTIONS OF THE REGULATOR
1.5	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first. The Central Body will be responsible for setting tier in education, development, standard setting, research, valuation the curriculum, training material, exam setting, 8 services? What should be the role of the second tier in education, monitoring and regulation of members as well as development, standard setting, research, valuation services? How each universities/educational institutions. The initial such function can be neatly segregated between two tiers? Or some research for a few years will be promoted by the overlap is desirable? What are the good areas for overlap and the extent Central Body of such overlap? How to avoid regulatory gaps?
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulator? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should have board composition as provided in the Rules be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be of RVO and minimum share capital should be net worth and shareholding requirements in case of companies being prescribed.  The Central Body, once formed should also have board representation from the Central Regulator

18	Accountability of Each Tier	d	Based on (i) success percent of RV members – dearing the assessment, valuations done and cope of valuations (ii) contributing to development of research, quality of training material.
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be U independent to take decision? What areas it may not have full h independence? How much control Government should have over the first- e tier regulator and what are the means of such control? How much control in first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	Until the Central Body is formed, RVOs should have the control in manner of imparting aducation, the trainers and the medium for mandatory training, the trainers and medium for
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second letier? How to develop human resources to man regulators? What kind of for technological resources does a regulator need. What should be extent of a grant from Government? What should be revenue model?	nitial grant for 1-2 years to the Central Body ollowed by fees as the revenue model –
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	

29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	
28	Independence and Accountability of Valuer		set a wrong benchmark, with valuers not being able to differentiate themselves on fee. The fee should not be fixed or regulated. It should be market driven.
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	market and opportunities are big enough, the full- time course would work. Else, may have to limit just to the top up education
E.		VALUATION PROFESSIONALS	
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	As per described in response to Q.13
25	Dealing with Grievances of Valuers		Through Central Body. There should be a central Appellate Tribunal if the valuer or the counterparty want to challenge the judgement.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	grievance mechanism as described above.

30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	internationally accepted valuation standards with India-specific updates by the committee formed by MCA or Ministry of Finance.
			The standards should be reviewed once every 2-3 years.
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	RVs and RV entities should have insurance to
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	The document circulated for determining if a
E.		DEVELOPMENT OF PROFESSION	termer than for non-payment or onesy.
F. 33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	education), webinars and distance learning should
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in	Some amount of initial advocacy/marketing would be required to ensure the users of the valuation or the clients understand the value

39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	meeting certain norms. Based on the change of criteria, they need to be provided 2-4 quarters to
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBB1? How the work would be transitioned to the regulator?	
37	Grandfathering	The state of the s	meeting certain norms.
36	Phasing: Short / Medium / Long Term		grievance handling), regulators (both 1st and 2st tier as well as the Central Body) and their roles & responsibilities, and curriculum should be immediately released.  This can be followed by training material, valuation standards and framework around research.
G.		TRANSITIONAL MECHANISM	
35	Scope and approaches for Research		limited research compared to developed economies, the scope of the growth in the market

			is formed, there should be representation from these RVOs in the Board.
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	Please see the response to Q. 37

Kulbhaskar Dwivedi

Name and Signature of MD / CEO of (Association of Certified Valuators and Analysts)

SI. No.	Issues for deliberation	Elaboration of the Issue	Views
A. VALUATION PROFESSION			VALUATION PROFESSION
1	Vision of Valuation Profession	years, ten years and twenty years hence? Should it be like the profession of Chartered	"Given the above mentioned amendments providing significant growth opportunities to the valuation
2	Review of Valuation Profession Internationally	eountry / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that	Valuation profession of which country / jurisdiction can be a model for valuation profession in
3	Review of Other Professions in the Country	for valuation profession in India? Which particular feature, practice, or mechanism	Which profession can be model for valuation profession in India?  The profession is different from other professions,. As each profession has its own procedure of working, it should be developed on its own.  Anyhow profession of loss and surveyor is somewhat similar to valuer profession.  Which particular feature, practice, or mechanism can be adopted from that profession?

Er. Suppleep Bansal Magaging Director CEV Integral Appraisers Foundation RVO

			<ol> <li>For training of a new surveyor &amp; loss assessor has to work with a senior surveyor for a particular time, similarly training of new valuer with a senior valuer for a particular time should be should be made compulsory</li> <li>Any difficulty in adopting them?</li> <li>There will not be any difficulty in adopting this procedure.</li> </ol>
4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long lexperience for the statutory framework for valuation profession? What features from the draft Valuations endopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession?  Being a valuer today is a challenge treading on a fine line of ethics and staying firm under different pressures  What features from the draft Valuations Professionals Bill. 2008 can be adopted?  According to draft Valuations Professionals Bill. 2008 there was six categories of valuers viz. Real estate, agricultural, Industries, machinery, & plants, works of arts & life interest, marine properties, extiles, & telecommunication engineering products, where as  Companies (Registered Valuers and Valuation) Rules, 2017, has only three categories.  Hence more categories may be added to existing categories in Companies (Registered Valuers and Valuation) Rules, 2017  What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted?  Training & examination process may be adopted from from the Companies (Registered Valuers and Valuation) Rules, 2017.  Experience with the Rules so far.  Experience with the Rules so far.  What has worked well?  The training, passing of examination & registration with IBBI, a person can do valuation only under Companies (Registered Valuers and Valuation) Rules, 2017 and not under any other act. It should be extend to other fields also.
4			MARKET FOR VALUATION PROFESSION
5	Market for Valuation Services	services? Is the market V competitive? How can it be u	How Big the market for valuation services:  With the surge in business activities, valuations have occupied the centre stage. Whether it is a start- p or a big corporate house, valuations is pervasive. Right from the setting up of the business entity, buring its merger and acquisitions, for obtaining long-term finance from banks / financial institutions,
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Er. Suppleep Bansa Magaging Director CEV Integral Appraisers Foundation RV0

controls price? What are the winding-up and for various other purposes, valuation is an integral component. Hence the market for market segments in terms of valuation profession is quite big. asset classes, users or any Size of Market other? What are market shares As far size of market is concerned . Take the example of Land & Building & Plant and Machinery of individual valuers and Valuers organisational valuers? What Total no. of AICTE approved Engineering Scats are approx.15, 53, 809. influences growth of the Out of 1553809 approx. 20% are Civil/Mech/Architects or other related engineers=3, 10, 766. market? Does the market need [Though there is recession in the market even if we assumed the present tend the admission in these to be developed? fields is approx. 35% So total no. of aspirants each year-1, 08, 000/ Out which if we assume 10% opt for valuation field total no. of aspirants will be approximately = 10.000-11.000 in real estate & Plant & Machinary. What are market imperfections? The valuation industry has not done its job in proving its importance to the market. Instead of risk mitigation tool investor and in many cases lenders look at the entire valuation process as nothing more than an investor Who controls price? The fee paid to a Valuer for the valuation undertaking normally is a very small percentage compared with the risk that a Valuer is exposed to, economically, when undertaking valuations From the last a few years, it is clear that clients have come to expect little from Valuers and as such they are not willing to pay much for valuation services. Hence price is controlled by clients rather than by valuers themselves. How can it be made more competitive To make it more competitive, valuers need to move away from specialising on particular skill set and develop speciality in different areas in valuation. Is the market competitive? One of the main challenges to the valuation profession today has been the growth of competition. But the problem is competition between firms is on price rather than on quality. Market segments in terms of asset classes, users or any other Valuation has multiple facets—valuations of business enterprises, financial assets, intangible assets, real estate and machinery & equipment. Market analysts point out that the purpose of valuation has evolved over the last few years. Today, valuations take place for investment decisions, litigation, tax and strategic planning initiatives, mergers and acquisitions, restructuring, employee stock ownership plans and incentive stock options.

Er. Sunden Bansa Managing Director CEV Integral Appraisers Foundation RVO

			As most of the ru have 90% of the What influences	ules concerning verifier market share as so growth of the second regulation of the development of the development meed to be development.	valuation professuch market market? f valuation professored?	res and organisational valuers?  Session allows only valuation by individual valuers, they share of organisational valuers may be 10% only refession & rise of economy influences growth of the
6	Market for Valuers	How big is the market for valuers? What is the market	1. There are broat valuations with a share of each seg	adly and roughly a higher fee; (b) i	two market individual val	segments:(a) valuation entities undertake complicated luers undertake simple valuations with a lower fee. The der:
		the market competitive? How can it be made more competitive? What are the	Category of Valuer			n
		market segments in terms of		90	10	
		asset classes, users or any other? Does the market need to	The party of the control of the cont	10	90	be agnostic about such segmentation- should neither
-	organisational valuer: Should	does valuation, as where both the er as to which mode  3. All forms of er A majority of the or 3, whichever provided in the Re  4. Where a compa	and the valuer in the mentity and the mentity and the mentities (companied directors/partners less, of the calles.	the entity does mbers are allo es, LLPs, part ers should be directors /par n entity,	uation: (a) As under the extant Rules, where the entity is not; and (b) As under the Chartered Accountant Rules, owed to practise. The participants were equally divided thership firms) should be allowed as valuation entities, valuation professionals. There was also a view that all ritners should be valuation professionals, as currently	
F	Er, Sundeep Bar		(a) it must not be (b) at least 51% o			
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	CHANGE TO THE PARTY OF		
7			5. There may be there asset classes, as presently provided in the Rules, to start with. However, each asset class may enable for specialisation in niche areas also. For example, the asset class land and building may have specialisations forestry, agriculture, pisciculture, mining, etc. The statute may enable addition / deletion of asset classes depending on need.  How can it be made more competitive?  The valuation industry "must change if the valuation profession is to continue to remain competitive and authoritative provider of valuation services to the Indian banking and financing industry".
Mana	Market for Valuation Education	education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	How big is market for education?  As we can expect Growth Rate of about 20-25% over the coming five years, market for education of professional values have very high prospectus.  What is market potential over the next 10 years?  Very High potential over the next 10 years  Is the market competitive?  Yes it is competitive  Which model of education – legal, medical, accountancy or any other - is suitable for valuation
Man	aging Director Integral Appraisers datign RVO	,	Page 5作後 <b>要</b> )

			What are the deficiencies in the current model of valuation education in the country?  For a valuer the range of professional skills required my be grouped as follows:  -Technical Skills-measurement, calculations, data processing, technical reporting  -Organisational skills - participation in decision-making processes, cross sectional studies, management.  -Analytical skills - analysis and choice of options/variables, setting parameters and their interpretation.  -Leadership skills -management of people and teams of specialists, management of information flow. The following are the deficiencies in the current model of valuation education in the country  1. Very little is taught at graduation level regarding valuation concept especially in case of real estate and plant machinery valuers having bachelors in Civil & Mechanical Engineering.  2. After introduction of MCA act to regulate the valuation profession IBBI has been appointed to conduct examination and give registered valuer certificate. It should be noted that a IBBI certificate does not represent a new qualification but rather the acknowledgement that existing qualifications held by the valuer meet several minimum criteria considered ossential for a valuer practising  3. The current regulator have tried its best to incorporate many of the above range of professional skills in its examination syllabus, but it still lacks, some of them such as in case of real estate valuation syllabus, it is silent on how to take proper measurements especially irregular shaped lands, how to check strength and stability of existing structures, compliance to building bye
8	Market for Research and Knowledge Management	How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	How big is the size of market?  As a developing nation, the development of various industries is going on at very fast pace, and this development is directly or indirectly linked with valuation field in one or the other way. For improvement in the valuation field there is lot of scope for research.  How the market can be developed?  It can be done by making it a part of curriculum of respective field at Graduate & post graduate level of respective category of valuation.  How to incentivise research and knowledge management?  As in other fields research is funded both by Govt. Agencies as well industries, the same procedure may be adopted in this case also.  How soon the extant knowledge would be redundant?  Extant knowledge could not be redundant if the knowledge share base is properly maintained.
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			Who does research? The Universities and the Central Regulator should conduct and promote research.
9	Exclusivity	rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How	Can valuation services be rendered by anyone?  No, it is a specialised job, it must be rendered by qualified professionals.  Should valuation services be exclusive domain of registered valuation professionals?  Yes valuation services be exclusive domain of registered valuation professionals.  What valuations should be mandatorily be conducted by valuers?  The following valuations should mandatorily be conducted by a registered valuer:  (a) Every valuation required under any law in the country, and  (b) Every other valuation required for a decision by Government or a public authority or a financial institution, by practice.  How can competition be promoted if valuation work is reserved for a set of people?  It will depend upon knowledge and resources of the valuers. Those who keep on updating their knowledge and resources will certainly move ahead, Market forces to decide the worth of profession.
C.			REGULATORY ARCHITECTURE
10	Type of Regulation	require regulations? Should it be statutory regulation or self-	Does valuation profession require regulations? Yes, valuation profession require regulations. Should it be statutory regulation or self-regulation or regulated self-regulations?  1. It should be a mixture of statutory regulator along with regulated self-regulation.
11	One Tier Vs. Two Tier Regulation	regulator or many parallel regulators competing with one another? Should there be two tiers of regulators — many second-tier — regulators competing with one another, under the oversight of a central	Should there be a central regulator or many parallel regulators competing with one another? There should be one central regulator.  Should there be two tiers of regulators — many second-tier regulators competing with one another, under the oversight of a central first-tier regulator?  Yes there should two tiers of regulators — many second-tier regulators competing with one another, under the oversight of a central first-tier regulator  Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?  It should be a two-tier structure, as in place comprising IBBI (Central Regulator) and RVOs.
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		regulators as in insolvency profession?	**
12	Regulation Vs. Development Vs. Standards	regulation, development and standards relating valuation profession be housed together?  Do regulation and development complete or complement each other? Do regulations and standards compete or	Yes regulation and development work relating to regulation, development and standards relating valuation profession be housed together and should be vested in first tier regulator.  Do regulation and development complete or complement each other?  Yes regulation and development complete or complement each other.  What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?  The standards should be set in the manner similar to secretarial standards and accounting standards.
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	How long should be the statutory legislation?  It should be a continuous legislation.  What aspects should it cover?  The legislation should spell out:  (a) the role of the Central Regulator and its governance structure;  (b) the role of the RVOs;  (c) Offences and Penalties, including appellate mechanism, as under:  (i) Schedule-A comprising of major Offences by the Central Regulator; and  (ii) Schedule-B: Other Offences to be dealt by RVOs.  If an RV has committed offences included in both Schedule, it will be dealt by the Central Regulator.  (d) Manner of exercising quasi-legislative, executive and quasi-judicial functions by the Central Regulator and the RVO.  How often this should be amended? Should it be principle based or rule based?  It should be amended as minimum as possible, may be after 3-5 years, & it should be principle based.  Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?  No it should be a complete law in itself.
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14	Malleability of Framework.	How to ensure that the framework remains malleable?	How to ensure that the framework remains malleable? How should it cover any emerging new asset class?
1		How should jt cover any emerging new asset class? How	All asset classes at present should be added in the frame work, and new classes in future may be added as & when required.
		under different laws?	How should it cover valuations under different laws?  All types of valuation under different laws should be brought under one law may be with different sub laws.
D,			FUNCTIONS OF THE REGULATOR
15	Role of Each Tier in Regulation / Development of	structure, what should be the	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services?  The role of first tier regulator should be set standards of education & research & regulate the valuation
	Valuers / Market	standard setting, research, valuation services? What	What should be the role of the second tier in education, development, standard setting, research, valuation services?
		tier in education, development,	The role of second tier regulator should be to arrange valuation courses, education & research work as per standards set by first tier regulator.
		valuation services? How each	In case of valuation services the role of second tier should be limited to making arrangements so that valuers adhere to code of conduct & ethics & education.
		segregated between two tiers? Or some overlap is desirable?	How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?
		What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	Each such function can be neatly segregated between two tiers by making standard set of rules fully distinguishing the role of both regulator. Overlapping may to chaos.
16	Scope and Approaches of	What areas need regulation?	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation?
	Regulation	valuation services, valuation education, valuation research -	All areas valuers, market for valuation services, valuation education, valuation research needs regulations.
		tools of regulation? What is the	What are tools of regulation? What is the role of first tier regulator in regulation? Registration of valuers, control over second tier of regulators and ensuring smooth running of for valuation services, valuation education, valuation research should be the role of first tier regulator in regulation
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		undertake regulation? What is a scope or extent of self-timegulation? Should first tier is regulator and second tier is regulators compete with each other in regulation? What is should be jurisdiction of the institute and second tier is regulators?	Should market undertake regulation?  Yes the market should undertake regulation?  What is scope or extent of self-regulation?  Self-regulation is also required along with statuary regulations.  Should first tier regulator and second tier regulators compete with each other in regulation?  No first tier regulator and second tier regulators should not compete with each other in regulation  What should be jurisdiction of the first tier and second tier regulators?  Registration of valuers, control over second tier of regulators should be under the jurisdiction of first ier.  Valuation services, valuation education, valuation research should be with second tier regulator in egulation should be under the jurisdiction of second tier.
17	Governance of Each Tier	Should regulator – first tier and S second tier - be a statutory for body, a for-profit company, a first-for-profit company, and association of persons, or a first-for-profit company, and association of persons, or a first-for-profit company, and association of persons, or a first-for-profit companies for a first-for-profit companies for persons, or a first-for-profit companies for-profit companies for persons, or a first-for-profit companies for-profit companies for persons, or a first-for-profit companies for-profit c	should regulator – first tier and second tier - be a statutory body, a for-profit company, a not- for-profit company, an association of persons, or a society?  irst tier regulator should be a statutory body & second tier maybe a not for profit company  What should be composition of its governing body?  irst tier regulator should be a multi-member body consisting of a chairman, some full-time and some art-time members appointed by the government of India, including some representatives from second ier regulator.  econd tier regulator may also be a multi-member hody consisting of a director, some director and ome independent director's s appointed by the governing body of the regulator.  What should be the extent of stakeholder representation in the governing body?  How democratic legitimacy can be imparted to the regulator?  What should be net worth and shareholding requirements in case of companies being egulators?
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2012	-	,	<ul> <li>(b) The Governing Board should have a Chairperson, a few Whole Time Members and representatives of RVOs as Part-time Members. The Central Regulator (Not Governing Board) should be supported by an Advisory Committee comprising of RVs representing RVOs.</li> <li>2. RVOs should be companies registered under section 8 of the Companies Act, 2013. It should have board composition as provided in the Rules. A minimum share capital and minimum number of RVs should be required for registration as an RVO.</li> <li>3. As per norms of section 8 company.</li> </ul>
18	Accountability of Each Tier	tier and second fier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	How to hold a regulator – first tier and second tier - accountable?  The statuary act should include all details.  What measures can be used to assess performance of regulator in the area of development and in the area of regulation?  Certain parameters in the area of development and in the area of regulation should be formulated and performance should be measured on the basis of performance of regulators in each parameter.
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	What are the areas the regulator - first tier and second tier - should be independent to take decision?  First tier should have independent authority  1. To appoint second tier regulator & procedure for their control.  2. To make valuation standards
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		,	How much control first fier should have over the second-tier regulator and what are the means of such control?  First tier should have complete control over the second-tier regulator.  How to protect the regulator from regulatory capture?  By properly defining the duties and rights of each regulator.
20	Resources of each Tier	funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from	What should be the sources of funding of regulator -first tier and second tier?  Govt. Should fund first tier regulator & second tier regulator be self-financed through collection of fee
21	Scope and Manner of Making Subordinate Legislation	regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the precedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	The following development, regulation and standards be governed by subordinate legislation by first-tier regulator:  1. In matters which cause undue pressure on parliamentary time  2. In legislation which are too technical or detailed to be suitable for parliamentary consideration
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			2. to deal with rapidly changing or uncertain situations
22	Scope and Manner of Making Byelaws	methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	Extent of bye laws by first tier regulator  1. Related to education and training programme for valuers.  2. Related to help them to get registered with first regulator.  3. Related to formulate rules and regulations to make valuers adhere to code of conduct and ethics as per valuation standards set up by first regulator.  4. Related to any work related with welfare and smooth running of valuation profession as per conditions of first regulator:  Methodology: Through govt. legislation after consultation with all stake holders.  Extent of bye laws by sucond tier regulator:  1. Related To arrange education and training programme for valuers.  2. Related To help them to get registered with first regulator.  3. Related To formulate rules and regulations to make valuers adhere to code of conduct and ethics as per valuation standards set up by first regulator.  4. Related Any work related with welfare and smooth running of valuation profession as per conditions of first regulator.  Methodology: As per rules set up by first regulator after consultation with all stake holders  What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator?  Development, regulation and standards Regarding Education, research, adhering to code of conduct and ethics be governed by bye-laws made by the second-tier regulator.  How to factor in the interests of society in making subordinate legislations?  The interests of society should be given top priority in making subordinate legislations
23	Abnitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services?
Mapa CEV I	undeep Bansal eng Director Intograf Appraisers		Page 13 of 20

		for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation?	The second tier should regulate monitor the conduct of valuation professionals, market for valuation education and market for valuation services.  What should the scope of authority and manner of inspection and investigation?  If the second tier regulator fails to first tier should investigate and inspect the matter at its own level, before the case is referred to the court.  What are specific roles in monitoring and enforcement by each tier of regulator?  The monitoring and enforcement by each tier of regulator should be limited their area of functions with final authority being first tier.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-	Who should dispose of and the manner of disposal?  An arbitrator appointed by the court having legal & technical knowhow of the case can impeccably
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	What should be mechanism to handle grievance of valuers?  1. First the valuer should approach second tier regulator to redress his grievance.  2. Second tier regulator should have proper mechanism to redress the grievance of their members.  3. Second tier regulator should check the authenticity of grievance & try to sort out problem.  4. In case his grievance is not redressed by second tier regulator he any approach first tier regulator to redress his grievance
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be	How should grievance and complaints against valuers be handled by first-tier and second tier regulators?
CEA.	Sungeep Bansa aging Director Integral Appraisers dation RVO		Page 14 96.70

73	handled by first-tier and second tier regulators?	A subcommittee may be formed to look into grievance and complaints against valuers. The subcommittee needs to issue letters to erring professional valuer in consonance with RVO and seek response within reasonable time, failing which appropriate penalties to be imposed.
		VALUATION PROFESSIONALS
Eligibility to be a Valuer: Qualification, Experience, Entity	individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for	A person registered with statutory first tier regulator after fulfilling all the requisite qualifications & experiences and other requirements as per rules and regulations.  What should be eligibility for an individual to be a valuer?  Minimum graduation in the field of specific asset along with some course/training in the valuation of his asset class.  What qualification and experience an individual should have to be a valuer?  A valuer of each specific asset should have a graduation degree in that particular field with min 5 years' experience  Should one have a degree in valuation?  No, a degree in Valuation is NOT necessary  Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.?  Yes, one have only top up education in valuation, after having a degree in engineering, management, finance etc.?
Independence and Accountability	accountable for his services?	No there should not be any age bar, as it is not in any professional field all over the world.  How to hold a valuer accountable for his services?  Accountability of a valuer comes from following the code of ethics and any queries raised by a court of law or the financial institution lender.
	a Valuer: Qualification, Experience, Entity  Independence and	Eligibility to be a Valuer:  Qualification, Experience, Entity  Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?  Independence  How to hold a valuer accountable for his services?

9	Code of Conduct and Ethics	under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? Yes, code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate How to ensure that the code of conduct is followed? How to monitor this? This Should be the duty of second tier
0	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	Should such development be a continuous process? Yes it should be a continuous process to remove anomalies and review the standards as per the need of
Ma	Sundare Bana naging director Vintegral Appraisers	al ,	Page 16 ρ/429

31	Protections for Valuers	for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How	What should be the extent of permitted disclaimers?  Disclaimer should be only to the extent that the assumptions are statements of fact provided by the client and not generated by the valuer.  How much immunity should disclaimers provide?  Disclaimers should provide immunity to the extent to which valuer has no role to play for the
32	Reputation of the profession	reputation of valuers? What factors to be considered to	2. To encourage him continuing professional education  What factors to be considered to consider a person as 'fit and proper' for registering a person as
F,			DEVELOPMENT OF PROFESSION
33	Profession vis-a- vis Technology	valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in	How is technology influencing valuation profession?  1. Due to the enhancement of technology and increasingly freely available market evidence, many of the steps in the valuation process – data collection, data analysis, and data formatting – are performed by computerised models and the valuation profession is seeing a progressive shift towards automated processes.  What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research?
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		,	valuation education and valuation research?  Will technology / machines replace valuation professionals in course of time?  Though many works involving valuation may be replaced by technology, human element will always remain there., the role of the valuer would change from one of information gathering to one of information arbiter, focussing on market analysis, accurate value predictions and risk pricing
34	Scope and Approaches of Development	development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	What is the scope of development?  Scope of development is quite high.  To what extent it includes lobbying?  Lobby is notat all required.  Does it include advocacy?  Advocacy is required to encourage the stake holders to prove their worth for development of valuer's
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be a	What is the scope of research?  The research in the field of valuation profession—facilitate has a lot scope so as to enhance the knowledge and understanding of the changing skill profile and knowledge fields of valuation. How much of research is necessary for sustenance of valuation profession?  A lot of research is needed. Until a few year back, there was no regulation for the profession. Even now most of the work being done is based on assumptions as very little authenticated data which makes the basis of any valuation is available.
Manag CEV Ip	undeep Bansal ing Director legital Appraisers ation RVO		Page 18 5f.20

		What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?  It can be facilitated and encouraged?  It can be facilitated and encouraged through first and second tier regulator. To start with some research?  Will market undertake research on its own?  No market can't undertake research on its own, since it needs a lot of time devotion and implications.  How research can be facilitated and encouraged?  It can be facilitated and encouraged through first and second tier regulator. To start with some research?  What is the role of first tier regulator in research?  First tier regulator in can provide necessary funds through Govt. Agencies for carrying out research should be a medium between first tier and research arranging necessary funds, as well helping the researcher by allowing to use their infrastructers for market in research?  Yes for meditin market in research?	research earch. cher for sture for
G.	Telleric witness	Yes for quality work in research regulator must compete with each other the market in research  TRANSITIONAL MECHANISM	:h,
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased?  As soon as possible, may be within next financial year.  What should be done immediately, what should be done in long to follow and what should be done immediately.  The setup of new first tier regulator and second tier regulators should be done immediately. It should be followed by migration of existing registered valuer with IBBI automatically to the regulatory regime & Rules & procedure for registration new entrants, valuation services, educationing of valuers.	he new ation &
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?  Registered Valuers should be enrolled as it is in new set of rules without any additional requires.	
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from and take over the task from IBBI? How the work would be transitioned to the regulator?  How long it should take for the first-tier regulator to come up and take over the task from Iwo to Five years.  How the work would be transitioned to the regulator?  In a phased manner, in Two to Five years.	IBBI?
vienagi CEV Inti	indeep Bansal ng Director egral Appraisers tion RVV	Page 19520	

40 Transitional Should existing registered Should existing registered valuers be automatically be migrated to the new regulatory red Arrangement for valuers be automatically be The existing registered valuer with IBBI should automatically be migrated to the new regulatory red.	Arrangement for RVOs	automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the	Yes the existing RVOs be automatically transition to as second tier regulator, along with transfrom IBBI to first regulator.  In case fresh eligibility norms are stipulated for second tier regulators, how much time shexisting RVOs be provided to comply with the new norms.  If the fresh eligibility norms are stipulated for second tier regulators, they should be given ample to comply with new norms, at least two to five financial years.  Should the number of second tier regulators be capped?  The existing second tier regulators be capped continued with provision to cap further entry of
regime? What should they What should they transition?  transition? Their registration with IBBI, and other achievements should be transited.	Parallel Link West Constitution of	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they	Should existing registered valuers be automatically be migrated to the new regulatory regin. The existing registered valuer with IBBI should automatically be migrated to the new regulations. For new entrants registration should be done as per new regulations.  What should they transition?

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## Views of Divya Jyoti Foundation

SI. No.	Issues for deliberation	Elaboration of the Issue	Views
A.	The second of	VALUATION PROFESSION	
1	Vision of Valuation Profession		The profession of valuer is going to gain further prominence more particularly after the emergence of IBBI. It should be like CA profession.
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	The requirement for valuation Profession in India is different from other country nevertheless we can adopt practices followed in England and Hong Kong,
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	CA profession can be a role model with some modifications.  There should not be any difficulty in adopting the practices of CA profession.  System of regular classes should be there and these classes must be symbolized like graduate or post graduate degrees in itself. The new valuer should undergo internship for 1 years under existing registered valuer like Articleship being done by CA.
4	Review of Valuation Profession in the Country	profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered	The valuer profession is yet to make its presence felt in prominent manner. Before IBC 2016, there was no regulation for work performance by valuers, which has now been covered. Valuation

		Experience with the Rules so far. What has worked well? What has not worked well?	the practioner a selected assignm by him except va The existing rule the needs an educational prog rules must contin Further discus generate very he contribution to improvement	nd no other wo ents should be all duation. s are appreciable d importance rammes for value	and have created of continuous ars. At least these iberations will and will be real of India, but mains always.
			other profession	als,	
В.	Marchine and	MARKET FOR VALUATION PROFESSIO	ON		
5	Valuation Services can it be made more competitive? What are market imperfections? Who is controls price? What are the market segments in terms of asset classes, or users or any other? What are market shares of individual valuers and it organisational valuers? What influences growth of the market? Does the		segments:(a) complicated val	valuation enti- uations with a ers undertake si e. The share of	ties undertake higher fee; (b) mple valuations
			Category of Valuer	Number of Valuations (%)	Fee from Valuations (%)
		Individual	90	10	
			Entity	10	90
			However, the pagnostic about s promote nor disc	uch segmentation	

2. There are two models of entities doing valuation:  (a) As under the extant Rules, where the entity does valuation, and the valuer in the entity does not; and  (b) As under the Chartered Accountant Rules, where both the entity and the members are allowed to practise. The participants were equally divided as to which model is better.
3. All forms of entities (companies, LLPs, partnership firms) should be allowed as

- 3. All forms of entities (companies, LLPs, partnership firms) should be allowed as valuationentities. A majority of the directors/partners should be valuation professionals. There was also a view that all or 3, whichever is less, of the directors /partners should be valuation professionals, as currently provided in the Rules.
- Where a company is a valuation entity,
   it must not be a subsidiary or have subsidiaries;
- (b) at least 51% of equity must be held by registered valuers.
- 5. There may be there asset classes, as presently provided in the Rules, to start with. However, each asset class may enable for specialisation in niche areas also. For example, the asset class land and building may have specialisations forestry, agriculture, pisciculture., mining, etc. The statute may enable addition / deletion of asset classes depending on need.

6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	are required even in present conditions.
			automatically competitive.  There is no need presently to develop the market as it is already developed and need to be regulated only.
			Every valuation cant be done by any individual valuer. Every individual has its own limitation it terms of infrastructure, resources, subject expertise, capacity, willingness etc. Hence, larger valuation assignments need organisational valuer.  Policy related to individual and organisational valuers have already been defined in brief clearly.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	<ol> <li>The model of education should be similar to that of ICAI. The Central regulator should prescribe curriculum of the courses for registration as RV</li> </ol>

			4. There may be two kinds of courses for registration as RV:  (a) Top-up Course: An individual with minimum qualification in relevant discipline such as B.E. in Civil Engineering or a professional qualification such as CA may undergo a top-up/bridge course of two years comprising one-year of classroom and one year of intensive internship with a RV.  (b) Complete Course: An individual with a pass in Class XII, may undergo a five-year comprehensive course from recognised places (RVOs). This may have two years common course for all asset classes, eighteen-months specialisation in the specific asset class, and eighteen months of internship with an
			RV.  5. Both the models have a component of super specialisation in a sub-class of assets such as forestry, jewellery, arts, mining, etc.
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	In the context of Indian Conditions, market for research, etc will develop slowly.  It can be incentivised by providing free access to common platform of huge data base to be managed by Universities and the Central Regulator.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	conducted by a registered valuer: (a) Every valuation required under any law in the

			(b) Every other valuation required for a decision by Government or a public authority or a financial institution, by practice.
C.		REGULATORY ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	It should be a mixture of statutory regulator along with regulated self-regulation.     It should be a two-tier structure, as in place comprising IBBI (Central Regulator) and RVOs. Central regulator should be supreme.     The standards should be set in the manner similar to secretarial standards and accounting standards.
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	Regulation should be standardised and development should be aligned with regulation.
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	<ul> <li>(a) the role of the Central Regulator and its governance structure;</li> </ul>

			(c) Offences and Penalties, including appellate mechanism, as under:  (i) Schedule-A comprising of major Offences by the Central Regulator; and  (ii) Schedule-B: Other Offences to be dealt by RVOs.  If an RV has committed offences included in both Schedule, it will be dealt by the Central Regulator.  (d) Manner of exercising quasi-legislative, executive and quasi-judicial functions by the Central Regulator and the RVO.
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	By yearly review of the framework should be conducted by peer group of valuers and RVOs. Changes of urgent nature if needed be allowed to be brought with the authority of board.
D.		FUNCTIONS OF THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education,	authority for valuation profession . Its role should be of administrator, regulator and continuously looking for improving the standard of valuation services in line with global standards. It should
16	Scope and Approaches of Regulation		acceptance, the present system of registration of valuer should be continued. Only valuation made

		regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	available as a subject as per curriculum fixed by
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	As regards the Governing Board of the Central Regulator, there were two views:     (i) The Governing Board should have a Chairperson, a few Whole Time Members and a few eminent citizens as Part-time Members. It should be supported by an Advisory Committee comprising of RVs representing RVOs. The Governing Board must mandatorily consider the views / decision of the Advisory Committee.     (b) The Governing Board should have a Chairperson, a few Whole Time Members and representatives of RVOs as Part-time Members. The Central Regulator (Not Governing Board) should be supported by an Advisory Committee comprising of RVs representing RVOs.
			<ol> <li>RVOs should be companies registered under section 8 of the Companies Act, 2013. It should have board composition as provided in the Rules. A minimum share capital and minimum number of RVs should be required for registration as an RVO.</li> </ol>
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	An internal ombudsman should be appointed at
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full	Tier 1 is over all nodal authority of valuation

		independence? How much control Government should have over the first- tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	regulations Tier 2 should attend work related to education, peer review of valuations related to education ,recommending authority for membership and recommending authority for grievances redrassal
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	The source of revenue is membership fees and training fees for RVOs.
21	Scope and Manner of Making Subordinate Legislation		We should make a study of similar organisation in other countries and we can have some guidance of their subordinate legislation.
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	We should take help from legal experts.
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	The work of valuers should be monitored by RVO And RVO's are to be monitored by IBBI. Appellate authority for valuers should be IBBI.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	On the pattern of ICAI
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	On the pattern of ICAI

26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	There should be an internal committee at RVO level and also at IBBI.
E.		VALUATION PROFESSIONALS	CONTRACTOR OF THE PARTY OF THE
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	Ideally there should be degree for valuation profession. Engineers, CA, ICWA, CS and MBA and other professionals with adequate experience can be permitted to have the valuation profession degree. Max. Age of entry should be 35 years. All classes of assets should be open for valuation to org. Valuers if valuers having qualification to evaluate the assets are members.
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	Accountability should be there. There should not be any conflict of interest. There should be disclosure to this effect. Fees should be as per the value of assets with subject to a min. and max.
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	At present adequate. On yearly bases it should be evaluated. There should be a committee at RVO and IBBI level.
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	Valuation standards should be provided.  The deviation in valuation from the standard should be explained by the valuers. Yes regulator should have role in making standards. There should yearly reviews.
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	RVs should have insurance to protect against professional liabilities. They should have protection against actions taken in good faith.

32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	The reputation of the valuers can be built by adhering to the standards and ethics. Delinquencies are to be punished strictly.
F.		DEVELOPMENT OF PROFESSION	
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	Nil
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying?  Does it include advocacy? Does it include development of markets?  Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	Nil
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	Nil
G.		TRANSITIONAL MECHANISM	
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased?  What should be done immediately, what should follow and what should be done in long run?	Nil
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	Existing valuers should be grandfathered subject to meeting certain norms.

38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	Nil
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	Yes. No. Of II Tier regulator should be capped.
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	Yes, automatically

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## Views Received at Roundtable held at Ahmedabad on 26th September, 2019

Names of Members of the Committee of Experts Present : None.

Names of CEOs of RVOs Present : Ms. Dhara Shah, Association of Certified Valuators and Analysts (ACVA RVO)

Composition of participants :

- A total of 23 participants were present representing all 3 asset classes [Approximate Number: L&B: 5; P&M: 4 and SFA: 12-15].

- Representation was maximum from ICAI RVO while members of CEV Integral, IOV, CVSTRA were also present.

- No Industry representation was noticed.

 Majority of the participants were Registered Valuers, however, 4-5 participants were Chartered Accountants who have been undertaking valuation and may seek registration under the Rules.

SL No.	Issues for deliberation	Elaboration of the Issue	Views	
Α.		VALUATION PROFESSION		
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?		
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	P. 1988	
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?		

4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	57 (V = 58 CH VG V = W
В.		MARKET FOR VALUATION PROFESSION	ON .
5	Market for Valuation Services	users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	wanted the scope to be expanded beyond Act and Code.  General view was that price is being dictated by the service users especially because of availability of large pool of valuers.  A unanimous view emerged with regard to need to develop the market. Participants expressed dissatisfaction with regard to the professional stature of the profession. Some linked this to the tendency to compete on cost rather than quality of assignment and wanted a minimum fee to be prescribed for assignments.
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users	considering that the scope of a registered valuer is

Page 2 of 9

		or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	Need for other asset classes were expressed especially IPR and intangibles. An alternate view that the present 3 asset classes may be considered as umbrella classes while sub-classes based on prescribed certification may be considered for niche valuation areas.  Need for both individual and organisational valuers was expressed and wanted market to decide its own preference without any interference from the regulator. Majority shareholding of organisational valuers should rest with RVs.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other – is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?.	there is no good quality of course in valuation presently in India and therefore the same has a
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	A general view was expressed that the profession does not attract research and therefore research should be undertaken by the regulator. However, the nature of research being sought was more with respect to maintaining a database of comparative assignments in an accessible form.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What	Participants wanted exclusivity with regard to right

		valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	
C.		REGULATORY ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	Participants welcomed the idea of the profession being regulated and regulated self-regulation emerged as the consensus choice. Participants also expressed satisfaction with the structure of regulation offered under the Rules and suggested that minor modification in the same shall address the need of the profession.
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators — many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	consensus choice, however, participants expressed the need for better role clarity between the 2 tiers and better monitoring of RVOs.  On tier 2 regulator, the house was divided as majority expressed views that all RVOs should be merged into one organisation who should then undertake the functions of tier 2 regulator. The argument put forward in this favour was that the RVOs currently lack capabilities and that there is no homogeneity in practice followed by RVOs.
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	Development should be handled by different levels.

Page 4 of 9

			Need to have indigenous valuation standards was also expressed in order to have better operational clarity.  Valuation Standards, education and research should rest with the central regulator (tier 1).
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	Statute should be flexible and principle based.
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	Production and Administration of the Control of the
D.		FUNCTIONS OF THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	Tier 2: Developmental function.  Functions should be clearly demarcated between the two tiers and no overlap should exist.
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	
17	Governance of Each Tier	Should regulator - first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a	

Page 5 of 9

		society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	<ul> <li>Representation of other regulators in the Governing Board of Central Regulator.</li> </ul>
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	No views were expressed.
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	Tier 2 should be under the Central regulator.
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	Two views emerged:  a. Only on Grants:  Reason: Since regulator is taking forward regulatory function on behalf of the state, it should be provided financial support by the state.  b. Both Grants and Fees:  Reason: Grant in the form of initial corpus and power to prescribe fees.
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	No views were expressed.
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by	

Page 6 of 9

		the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	No views were expressed.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	No views were expressed.
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	Should be handled by the Central Regulator in time bound manner.
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	Should be handled by the Central Regulator in time bound manner.
E.		VALUATION PROFESSIONALS	
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	Annexure IV of the Rules adequately lays down the eligible qualification, however, minimum experience should be atleast 10 years for each asset class.
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	No views were expressed.

Page 7 of 9

29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	Code f Conduct under the Rules is adequate.
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	No views were expressed.
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	
F.		DEVELOPMENT OF PROFESSION	
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	No views were expressed.
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	No views were expressed.
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role	

		of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	
G.		TRANSITIONAL MECHANISM	
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	No views were expressed.
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	No views were expressed.
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	No views were expressed,
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	eligibility norms for RVOs should be reviewed.
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	Automatic transition of RVs under new regulatory regime should be prescribed.
H.		ANY OTHER VIEWS / SUGGESTIONS	
41.	ACCOUNT OF THE PROPERTY OF THE PARTY.	fees for valuation assignment should be prescribed. ould be graded based on experience.	

Akalun 26/09/2019
(Amit Sahu)

Deputy General Manager
Insolvency and Bankruptcy Board of India

## Views Received at Roundtable held at Kolkata on 27/09/2019

Names of Members of the Committee of Experts Present:

p. 19

Names of CEOs of RVOs Present; a. b.

S. No.	Issues for deliberation	Elaboration of the Issue	Views
À.		VALUATION PROFESSION	
	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	ICAL + a regulatory body.  Vision − 5-year time sufficient  → Other view was – it should follow Bar Council model.
	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	Canadian Model They have Education also. They Regulate also.
	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	Advocate's Profession  → Other view is that there is no difference in CA profession & Advocate profession.
	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	This profession lacks regulation.  - More classes of Asset to be added Co. (Registered Valuers & Valuation) Rules are not adequate specifically exam. Requirement for all. Regulated courses has to be added.

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		Wolf Contitionant to Land	Market is potential.
w.	Market for Valuation Services	How big is market for valuation services? Is the market competitive. Who can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	Please see Global Market also. Competitive at low level. Cartelization at upper level. Preferable is organisational Valuer.
9	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	Market is potential.  Please see Global Market also.  Competitive at low level. Cartelization at upper level.  Preferable is organisational Valuer.
		market potential over the next	It's big market wide open.
-	Market for Valuation		Number of foreign students with control  → based on Legal System (in Master Degree).
	Education	accountancy or any other - is suitable for valuation education? Should accountancy or any other - is suitable for valuation education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	There is no education system in India. Present is a stop gap arrangement. Government has to support for
		The state of the s	Research has not happened. Doctoral programme
00	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed into to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	
		Security Chamble columnia services	(1) Valuation - No
0	Exclusivity	Can valuation services be rendered by anyone: Strong valuation be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	(2) Only by Registered Valuers. (3) No. Competition as the value is to be.
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tools (a) Research.  What (b) Peer review  rtake (c) Role of first tier regulator.  st tier (d) Jurisdiction  er in 1 <sup>st</sup> tier – All RVO's & Valuers  d tier 2 <sup>nd</sup> tier – Respective Members	a for- (a) First tier a statutory body 5, or a (b) Second tier – Sec 8 Company hould (c) Composition – 80% elected 20% nominated like How ICAL  Met worth – Second tier – 10 crore.	What Accountability – rea of 1st ier accountable to Government.  2st tier accountable to regulator.  - Ombudsman concept for all tiers.	uld be Government should have Administrative control.  e full First tier to have full control over second.  e first- ontrol  means  are?
What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulation? Should market undertake is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulators? What should be jurisdiction of the first tier and second tier regulators?	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	How to hold a regulator - first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?
Scope and Approaches of Regulation	Governance of Each Tier	Accountability of Each Tier	Independence of Each Tier
91	17	18	10

To To	2nd tier - Self Finance - 1. Research in Valuation. 2. Standards in Education Conflict Management.	Methodology - Consultative	Industrial Valuer by RVO. (2 <sup>nd</sup> tier) 2 <sup>nd</sup> tier by 1 <sup>st</sup> tier	Like Rule – 17. Quasi-Judicial should not be given to 2 <sup>nd</sup> tier,	As per present rules.	As per present rules.
what should be the sources of funding of regulator -first ther and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of	grant from Government? What should be revenue model?  What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	What should be mechanism to handle grievance of valuers?	How should grievance and complaints against valuers be handled by first tier and second tier regulators?
Resources of each Tier	Scope and Manner of Making Subordinate Legislation	Scope and Manner of Making Byelaws	Monitoring and Enforcement	Scope and Manner of Quast-Indicial Functions	Dealing with Grievances of Valuers	Dealing with Grievances against Valuers
8	21	22	23	24	25	26

VALUATION PROFESSIONALS	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, and the cligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing a specified?  Eligibility:  Craduate in Asset Specific Class.  Experience – Minimum 5 years.  For P.G. – 3 years.  Age – Minimum 30 years.  Syears Trainer in Under Professional Valuer Office.	How to hold a valuer accountable for his services? What should be How to hold accountable-disclosures by him? How to minimise influence of stakeholders on his - As per Section 247. independence? How should the fees of a valuer be fixed? Should fee be - No fee should be fixed.	Is the code of conduct provided under the Companies (Registered Valuers Adequate and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	How valuers can be protected for their bonafide acts? Should protection - Professional Indemnity & Insurance flow from regulations or statute? What should be the extent of permitted disclaimers provide?	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?
	Eligibility to be a Valuer: Qualification, Experience, Entity	Independence and Accountability of Valuer	Code of Conduct and Ethics	Scope and Manner of Making Valuation Standards	Protections for Valuers	Reputation of the profession

Page 6 of 8

		DEVELOPMENT OF PROFESSION	
2. 3	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	- Tech. is important. Not needed right now.
0 d d	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first ther regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	Awareness by CPE, As existing in other profession.
3 d 2	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	Presently no research     Enomous scope     By sponsorship     By grant from Government.     Introduce master's degree in University which will follow research.
		TRANSITIONAL MECHANISM	
E M B	Phasing: Short / Mediem / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	Roll out to be short term for five years.     In long term – Think for education.
0	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	can be grand fathered? What All Registered Valuers to be grand father.
B A E	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to cone up and take over the task from IBBI? How the work would be transitioned to the regulator?	- Transitional A sought for IBBI 6 months' to one year

RVOs sti	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing - Cap No limit on no's.  RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	lo – auto transiston. Separate parlameters  For new norms – another six months.  Cap. – No limit on no's.
Transitional SI Arrangement for ne	Transitional Should existing registered valuers be automatically be migrated to the Existing RV's – should be linked to grand fatheng.  Arrangement for new regulatory regime? What should they transition?  RV	xisting RV's - should be linked to grand fatheng.
	ANY OTHER VIEWS / SUGGESTIONS	

Name and Signature of IBBI Officer who has compiled the views received at the roundtable.

## Views Received at Roundtable held at Chennai on 28th September, 2019

Names of Members of the Committee of Experts Present : Mr. B. Sriram

Names of CEOs of RVOs Present

: Mr. Amin Shaikh, IIV RVO

Participants:

Roundtable was attended by about 55-60 participants and included RVs in all asset classes (majority from SFA category) Members of ICA1 RVO, IIV RVO, PVAI RVO, CEV integral and IOV RVO were present along with other valuers.

SL No.	Issues for deliberation	VAI RVO, CEV integral and IOV RVO were present along with other value Elaboration of the Issue	Views
A.		VALUATION PROFESSION	
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	
4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	Both full time and part time degrees should be accepted.     Prescribed experience inadequate.     Articleship may be considered.     M.Val degree should be accepted only is graduation is in specified discipline.
B.		MARKET FOR VALUATION PROFESSION	
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes,	feasible.

		users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other – is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the guarant model of valuation education in the country?	
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	of reports creation for the benefit of memoers.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	mandated to registered valuers.
C.		REGULATORY ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	<ul> <li>2 tier regulatory structure was proposed wherein RVOs should be merged as one entity. This entity should then undertake role of tier 2 regulator.</li> </ul>

			<ul> <li>Registration may be undertaken by tier 2 regulator with its conduct being monitored by central regulator.</li> </ul>
1.1	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	
14	Malleability of Framework	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	No views.
D.		FUNCTIONS OF THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	Industry specific courses should be developed.

16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	
17	Governance of Each Tier	Should regulator — first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	
18	Accountability of Each Tier	How to hold a regulator - first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of great from Government? What should be revenue model?	Her 2, Pees.
21	Scope and Manner of Making	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the	

	Subordinate Legislation	instrument for subordinate legislation? Best practices that may be referred to.	
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	Tier 2 should review and scrutimise before Central regulator
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	<ul> <li>Grievances of and against valuer should be handled by Central regulator.</li> <li>Tier 2 should review and scrutinise before Central regulator acts on the same.</li> <li>Frivolous complaints should be filtered first and not placed before the Central regulator as the same will limit regulatory capacity.</li> </ul>
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	
E.		VALUATION PROFESSIONALS	
27	Eligibility to be a Valuer: Qualification,	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering,	Experience in valuation of a particular asset class should be assessed.

	Experience, Entity	management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	requ	ired.	idual and				are
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	monitore	d.	should	be	prescri	ibed	and
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?							
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?							
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	No views	š.					
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	No views	S.,					
F.		DEVELOPMENT OF PROFESSION					10-11		
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?							
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in		S.					

Page 6 of 7

		development? What is the role of second tier regulator in development?	
		Should market undertake development? Should regulator compete with market in education?	
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	
G.		TRANSITIONAL MECHANISM	
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	disruption.
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	a new Authority is identified.
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	fold of the new regulator.
H.		ANY OTHER VIEWS / SUGGESTIONS	
41.	Marketing of serv	rice by RVs and RVOs should be restricted.	Asahu a

Deputy General Manager
Insolvency and Bankruptcy Board of India

## Views Received at Roundtable held at Raipur on 28/09/2019

Names of Members of the Committee of Experts Present:
a,
b.

Names of CEOs of RVOs Present:
a.
b.

A.	deliberation	Elaboration of the Issue	C HOUSE
		VALUATION PROFESSION	
	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	CA ki tarah     Combination of CA & Advocates, Architect.
	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	Like American Society - Institutional Structures can be adopted.
	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	CA profession     Combination of CA + Engineers + Architect.     On the model of Advocates as they have to render only opinion.
	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	Lacks Regulation. Rules are not adequate.  The scope of Asset Classes to be widened. Futuristic thinking is required. Examination system should be modified.

NOISSE	o of market.  o of market.  s, - Market controls price.  d - Needs to be developed.  d - Will increase in next 10 years.	Os 1 th Liberton Organisational Valuers (Big		xt Model: -	25.00	Continuous Research.			hat - Should be exclusive tan - For Registered Valuers le? - All types	2
MARKET FOR VALUATION PROFESSION	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the	market need to be developed?	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	art and makes a few and a	How big is market for education? What is market potential over the text of years? Is the market competitive? Who are market players? What are market imperfections? Which model of education — legal, medical, accountancy or any other — is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	oll Change Land	How big is the size of market? How the market can be developed: now to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	Can valuation services be rendered by anyone? Should valuation services	be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	
	Market for Valuation Services		Market for Valuers		Market for Valuation Education		Market for Research and Knowledge Management	The land of the	EXCLUSIVILY	
a	. v		9		7		00	0	2	

10	Type of	Does valuation profession require regulations? Should it be statutory	- Yes,
Ξ	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many seconditier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	Central Regulator No RVO. No Mediator
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	Should be hand in hand only by Central Regulator Act with Rules, Regulation + guidelines. Regulations to be flexible.
2	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	Principle + Rule based     Should be amended from time to time.
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	Should be adaptive.
D.	1	FUNCTIONS OF THE REGULATOR	8
55	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	Total control of First Tier.

.8				
Areas - Education, Iranning  Tools - Articleship like CA, Architect  Role of First tier only.	First tier – statutory  No need of second tier.  Should be Sec8 Companies.  Composition – Major control by Government –  Equal or 60% or 40%.	Accountability - Subject to RTI First as well as Second Tier.	- All areas Should be independent to take all decisions	U
What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulation? Should market undertake is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulators? What should be jurisdiction of the first tier and second tier regulators?	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	
Scope and Approaches of Regulation	Governance of Each Tier	Accountability of Each Tier	Independence of Each Tier	
91	17	00	10	

26 Dealing with Grievances against Valuers
How should grievance and complaints against valuers be handled by first tier and second tier regulators?
Same as of IBBL.

32	F.	33	¥	35	Ö	36	37
Reputation of the profession		Profession vis-a- vis Technology	Scope and Approaches of Development	Scope and approaches for Research		Phasing: Short / Medium / Long Term	Grandfathering
How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	DEVELOPMENT OF PROFESSION	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	TRANSITIONAL MECHANISM	How should the roll out of the new regulatory framework be phased?  What should be done immediately, what should follow and what should be done in long run?	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?
Reputation to provide online education Digital education For fit and proper – as per IBBI		Technology influencing Valuer – Special course to be conducted.  Artificial intelligence Tech. can't replace humans.	Development through education Include - Advocacy	Research University of Valuation for research. Industry specific research.		In beginning - 3 years Immediate	No need of grand fathering.

	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBP? How the work would be transitioned to the regulator?	- IDDI 10 mand over maximum in one year.
	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	No RVO.
	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the Auto migration of Registered Valuers. new regulatory regime? What should they transition?	Auto migration of Registered Valuers.
-		ANY OTHER VIEWS / SUGGESTIONS	SN
	Others State Revenue related data Tour planners to provide a	Others State Revenue related database should be freely accessible by public. Tour planners to provide master plan imposed on Khasra. No. to be freely available.	

Name and Signature of IBBI Officer who has compiled the views received at the roundtable.

## Views Received at Roundtable held at Bengaluru on 03/10/2019

Names of Members of the Committee of Experts Present:

Names of CEOs of RVOs Present:
a,
b,

Sl. No.	Issues for deliberation	Elaboration of the Issue  VALUATION PROFESSION	Views
	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	Lines of profession as in USA.  Mr. Pichaiya – for 10 years Other view – 20 years & above.  Should be choice of profession.
	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	Like in USA  - Another view like Malaysia, Sri Lanka  - We should develop our own.  - Indian model – after evaluating Asian Countries  Model  - Full time valuation profession.  - Take good of each of the developed country and then develop own model.
	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	Hybrid of CS & CA model  Take good elements.  From Engineers / Architect Institutes.

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Review of Valuation Profession in the Country		Market for Valuation Services	Market for Valuers	Market for Valuation Education
Valuation profession has long history in India. What are the learnings / Jessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	MARKET FOR VALUATION PROFESSION	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?
Present Rules making well. However, more charges responsibility on R.V. (specifically when he has to appoint other valuers).  Process of training and exam. is to be improver.	NO	Valuers should be in all Laws like L.I.  Market can be perennial very huge market perception of people charged. 75-100 crore fee income in Bangalore itself. Individual responsibility & accountability.	Valuers should be in all Laws like 1.T.  Market can be perennial very huge market perception of people charged.  75-100 crore fee income in Bangalore itself. Individual responsibility & accountability.	Should be Engineering based.  Other view is 5 year Architect with 1 year internship.  Syears Bachelor's degree with internship.  Certification of all the three Asset classes.

RVO's to incentive research.	Members to do research. No research so far.	To be done R.V. Exclusively not to be done.  In long run, it has to be by one profession only.  However, transitional arrangement should be there.		One view is Regulation. Other view is that it should be	Regulated self-regulation.	Like IBBI.	Regulation & Development should be different.  - Architect Act have best solution also Conformity and Complaint.	Similar to IBBI Act. Other view – on lines of SEBI.	2
Of Wolf Phonological and an Artifact of How to	How big is the size of market? How the market can be extant incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	REGULATORY ARCHITECTURE	Violette et it bestelle it he statutory	Does valuation profession require regulations: should it is regulation or self-regulation or regulated self-regulations?	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a	SKeleini one with substantian representation
	Market for Research and Knowledge Management	Exclusivity			Type of Regulation	One Tier Vs. Two Tier Regulation	Regulation Vs. Development Vs. Standards	Scope of Statutory Legislation	
100 100	U			c 5	10		12	13	

Framework.	any emerging new asset class? How should it cover valuations under different laws?  FUNCTIONS OF THE REGULATOR	
Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	Like Constitution of India.  - Both should have concurrent powers No two tier.
Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	- Regulation over RVO's Tools – Monitoring of RVO's and by RVO's over RV's Regulation as a standard body.
Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	Section – 8 Company with elected council.
Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	Appellate should be tier one. Remaining with RVO.

	Representation from Nodai Ministry.	Govt. to give grant till it becomes self-sustained.	RVO's to follow Regulation Just like IBBI.	To be left to tier II (RVO's).	In the form of oversight, Primarily by RVO then appeal to tier one.  RVO to be first line regulator standard body as appellant.	Powers with tier I.	3
	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	
	Independence of Each Tier	Resources of cach Tier	Scope and Manner of Making Subordinate Legislation	Scope and Manner of Making Byelaws	Monitoring and Enforcement	Scope and Manner of Quasi-Judicial Functions	
7	0	50	21	22	23	24	

nanism to handle grievance of valuers? With tier II.	ce and complaints against valuers be handled by first As above.		cation and experience an individual should have to be a degree in valuation? Should one have only top etc.? Who should provide education? What should be etc.? Who should a minimum and maximum age for practicing ciffed?	his services? What should be influence of stakeholders on his valuer be fixed? Should fee be	tet provided under the Companies (Registered Valuers Yes, Adequate RVO's have mechanism.  1	tandards be prescribed? Who should prescribe such Yes, tier I Regulator.  build such standard be developed and reviewed? Should be a continuous process? What should the legislation standards? Should regulator have any role in makings
What should be mechanism to handle grievance of valuers?	How should grievance and complaints against valuers be handled by first tier and second tier regulators?	VALUATION PROF.	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	How to hold a valuer accountable for disclosures by him? How to minimise it independence? How should the fees of a regulated?	of conduct provided under the tion) Rules, 2017 adequate? It followed? How to monitor this	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any tole in makings
Dealing with Grievances of	Dealing with Grievances against Valuers		Eligibility to be a Valuer: Qualification, Experience, Entity	Independence and Accountability of Valuer	Code of Conduct and Ethics	Scope and Manner of Making Valuation
25	26	E	27	28	539	30

Protections for How valuers can be protected for their bonafide acts? Should protection Valuers flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	Reputation of How to build and protect reputation of valuers? What factors to be the profession considered to consider a person as 'fit and proper' for registering a person as valuer?	DEVELOPMENT OF PROFESSION	Profession vis- How is technology influencing valuation profession? What technology and a-vis how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	Scope and What is the scope of development? To what extent it includes lobbying? Approaches of Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? Should market undertake development? Should regulator compete with market in education?	Scope and What is the scope of research? How much of research is necessary for approaches for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?
protection Valuer should be protected by statute.	ors to be Not for fit & proper should be after curriculum.	OFESSION	s, valuers, (ii) Use of tech, is for support. s, valuers, (ii) Tech, can be a tool. machines (iii) Tech, can't replace valuer profession.	lobbying? Covered earlier. ets? Does mination, regulation gulator in slopment? pete with	essary for Covered earlier.  treh on its the role of gulator in

Phasing: Short How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long rum?  Crandifathering Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?  Transitional How long it should take for the first-tier regulator to come up and take over for IBBI  Transitional Transitional Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators be capped?  Transitional Arrangement for second tier regulators be automatically be migrated to the new for RVOs  For RVOs  Transitional Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?  Any OTHER VIEWS/SUGGESTION	9		TRANSITIONAL MECHANISM	
Grandfuthering Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?  Transitional Arrangement for IBBI? How the work would be transitioned to the regulator? Transitional Arrangement for RVOs be automatically transition to as second the regulator? In what time frame? In case fresh eligibility norms are stipulated for second the regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?  Transitional Arrangement regulatory regime? What should they transition?  Any OTHER VIEWS/SUGGESTION	36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	Medium
Transitional How long it should take for the first-tier regulator to come up and take over for IBBI  Transitional Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for RVOs provided to comply with the new norms. Should the number of second tier regulators be capped?  Transitional Should existing registered valuers be automatically be migrated to the new for RVS.  Transitional Should existing registered valuers be automatically be migrated to the new for RVs.  ANY OTHER VIEWS / SUGGESTION	37	Grandfuthering	_	All Registered Valuers to be allowed to continue without any further Registration.
Transitional Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?  Transitional Should existing registered valuers be automatically be migrated to the new for RVs  ANY OTHER VIEWS/SUGGESTION	38	Transitional Arrangement for IRBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	Can't be prescriptive. Depends upon framework.
Transitional Should existing registered valuers be automatically be migrated to the new Arrangement regulatory regime? What should they transition? for RVs  ANY OTHER VIEWS/SUGGESTION	39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	Leave it to market. Should be capped one-year transition period.
	40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	Yes, without any further exam.
	H.		ANY OTHER VIEWS / SUGGESTIO	SA

Chr. Navinang Seme

Name and Signature of IBBI Officer who has compiled the views received at the roundtable.

## Views Received at Roundtable held at Chandigarh on 5th October, 2019

Names of Members of the Committee of Experts Present : Mr. Balwinder Singh, President, ICMAI

Names of CEOs of RVOs Present : Mr. Sundeep Bansal, CEV Integral RVO

Composition of participants :

 A total of about 50 participants were present representing all 3 asset classes, majority being L&B and P&M. [Approximate Number: L&B: 25; P&M: 10 and SFA: 5].

Maximum representation was from CEV Integral while members of ICMAI RVO and IOV were also present.

- About 10 participants were FICCI representatives constituting of officials of Banks, Educational institute, industry etc.

SL No.	Issues for deliberation	Elaboration of the Issue	Views	
A.		VALUATION PROFESSION		
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?		
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	No Views.	
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?		
4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	A SOUND A SOUTH A SOUT	

			years in line with similar provision which existed under Wealth tax.
B.		MARKET FOR VALUATION PROFESSION	ON .
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	<ul> <li>Competition is not fair and fee undercutting is often resorted to by valuers in order to secure business.</li> <li>User of services dictates price.</li> <li>Compensation procedure is not uniform amongst Banks / Fls.</li> <li>Need to prescribe minimum fees for valuation assignment and a mechanism to monitor the same.</li> <li>Both individual and institutional valuers are required considering range of services.</li> <li>Profession needs to be better regulated in order to be developed.</li> </ul>
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	<ul> <li>Scope for valuers is large but multiple eligibility norms by various service user groups (for example, merchant bankers undertaking valuation, registered valuer under the Rule, valuer under Wealth tax etc.) leads to inadequate flow of work.</li> <li>No views on adequacy of existing asset classes.</li> <li>In order to develop the market, there should be only one definition of valuers and different statute / regulators must not provide their own norms for valuers.</li> </ul>

7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other – is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	not address the needs of the market.
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	Regulator should undertake research as the field does not attract research.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	
C.		REGULATORY ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	Regulator should be a government body with no private participation.
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	each state and overseen by a central office.

12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	handled by a central regulator (with no private participation).
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	responsiveness to the changing dynamics of the profession.
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	Periodic review should be undertaken every 5 years. No views on the rest.
D.		FUNCTIONS OF THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	A central regulator was proposed and hence all functions (regulatory and developmental) to be undertaken by the central regulator.      State level office of Central regulator may be considered.
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	No views.

17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	No views.
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	No views.
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	No views.
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	<ul> <li>Since it should be a central regulator with only government representation, it should be provided a perpetual grant.</li> <li>May be provided ability to prescribe fees in order to supplement the grants received.</li> </ul>
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	Through public consultation only. A committee represented by valuers may be considered to provide views on the draft.
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	Same as point no. 21.

Page 5 of B

23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	valuers, should monitor the conduct of valuers as non-valuers may not be able to understand the
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	No views.
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	<ul> <li>An exclusive council having representation of valuers alone should handle grievances of and grievances against valuers.</li> <li>An appellate mechanism should be provided.</li> </ul>
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	Same as point no. 25.
E.		VALUATION PROFESSIONALS	
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	satisfactory except for minimum experience which is low and should be minimum of 10 years.  No upper age bar for practicing the profession should be there.
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	Fees should be regulated.

29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	No views as the same were considered adequate.
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	Need to have an Indian Valuation Standard.     An independent committee should prescribe the Indian Valuation Standards.
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	<ul> <li>Dedicated council (As mentioned under point no. 25) should handle assessment of accountability of a valuer.</li> </ul>
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	<ul> <li>Existing norm for 'fit and proper' prescribed under the Rules is adequate.</li> <li>Reputation of the profession can be preserved by better monitoring mechanism for conduct of the valuers.</li> </ul>
F.		DEVELOPMENT OF PROFESSION	
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	No major technological threats - present and future.     No views on the rest.
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	market for valuers by providing exclusive

41.	<ul> <li>None.</li> </ul>				
H.	ANY OTHER VIEWS / SUGGESTIONS				
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	All existing valuers should be migrated including valuers under Wealth Tax.		
	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	No. The proposed regulator should be a central regulator represented by the government.		
38	Transitional Arrangement for IBB1	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	framework under the Rules exists. Thereafter, an		
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?			
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	New framework should be rolled out with atleast 2 years transition provision.		
G.	Di i di	TRANSITIONAL MECHANISM			
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	The state of the s		

(Amit Sahu)

Deputy General Manager

Insolvency and Bankruptcy Board of India

# SUMMARY OF DISCUSSIONS AT ROUNDTABLE ON INSTITUTIONAL FRAMEWORK FOR REGULATION AND DEVELOPMENT OF VALUATION PROFESSION HELD AT IBBI, MAYUR BHAWAN ON $07^{TH}$ OCTOBER 2019

A Roundtable on the institutional framework for regulation and development of valuation profession was held at 2.30 PM on 07<sup>th</sup> October, 2019 in the Conference Room of the Insolvency and Bankruptcy Board of India at Mayur Bhawan, Connaught Place, New Delhi.

2. This was a roundtable exclusively with RVOs. The following participated in the roundtable:

#### A. From RVOs

Sl. No.	Name of RVO	Represented by
1	ICSI RVO	Mr. Prasant Sarangi
		Mr. H. C. Dhamija
		Mr Rajesh Mittal
2	ICAI RVO	Mrs. Sarika Singhal
		Mr. Rajan Wadhawan
3	IIV	Mr. Varun Dhawan
4	PVAI VPO	Mr. A. V. Pendse
		Mr. Sushil Bajaj
5	CVSRTA RVA	Mr. S. K. Gupta
		Mr. Sanjay Malhotra
6	CEVIAF	Mr. Sundeep Bansal
		Mr. Rajesh Kumar
		Dr. Rajinder Singh
7	Divya Jyoti Foundation	Mr. Nitish Singhal
		Mr. Vekas Kumar Garg
8	IOV RVF	Mr. Tanuj Kumar
		Mr. Abhay Kumar
9	ICMAI RVO	Mr. D. P. Nandy (through VC)
10	ACVA	Ms. Dhara Shah (through VC), and
11	IESMA	None.

## **B. From IBBI**

Sl. No.	Name	Designation
1	Dr. M. S. Sahoo	Chairperson
2	Dr. Mukulita Vijayawargiya	Whole Time Member
3	Mr. Pawan K. Kumar	Executive Director
4	Mr. Ritesh Kavdia	Executive Director
5	Mr. Debajyoti Ray Chaudhari	Chief General Manager
6	Mr. Deeptanshu Singh	Assistant Manager
7	Mr. Abhishek Mittapally	Assistant Manager
8	Ms. Namisha Singh	Assistant Manager

- 3. Dr. M. S. Sahoo welcomed the invitees to the roundtable and briefed the purpose.
- 4. The issues listed in columns 2 and 3 of the Table 1 were discussed. The views of the RVOs, that emerged in the roundtable, are reported in column 4 of the Table 1.

Table 1: Summary of Discussion at Roundtable with RVOs on 7th October, 2019

Sl.	<b>Issues for</b>	Elaboration of the Issue	Views
No.	deliberation		
<b>A.</b>		VALUATION PROFESSION	
1	Vision of	What is your vision of the valuation profession, five years, ten years and	
	Valuation	twenty years hence? Should it be like the profession of Chartered	
	Profession	Accountant, Doctor, Advocate or any other?	
2	Review of	Valuation profession of which country / jurisdiction can be a model for	
	Valuation	valuation profession in India? Which particular feature, practice, or	
	Profession	mechanism can be adopted from that jurisdiction? Any difficulty in	
	Internationally	adopting them?	
3	Review of Other	Which profession can be model for valuation profession in India? Which	
	Professions in	particular feature, practice, or mechanism can be adopted from that	
	the Country	profession? Any difficulty in adopting them?	

4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted?				
		Experience with the Rules so far. What has worked well? What has not				
_		worked well?				
В.		MARKET FOR VALUATION PROFESSION				
5	Market for	How big is market for valuation services? Is the market competitive? How				nly two market
	Valuation	can it be made more competitive? What are market imperfections? Who	_			ities undertake
	Services	controls price? What are the market segments in terms of asset classes,				higher fee; (b)
		users or any other? What are market shares of individual valuers and				mple valuations
		organisational valuers? What influences growth of the market? Does the		in a lower leadinated to be a		each segment is
6	Market for	market need to be developed?				Fee from
0	Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more		Category of Valuer	Number of Valuations	Valuations
	valueis	competitive? What are the market segments in terms of asset classes, users	"	or valuer	(%)	(%)
		or any other? Does the market need to be developed? What are relative	I	ndividual	90	10
		merits and demerits of individual valuer and organisational valuer?		Entity	10	90
		Should policy promote one over the other?		-		work should be
				-		n- should neither
			_		courage either.	
					C	
			2.	There are	two models of	entities doing
				( )		nt Rules, where
				•		he valuer in the
				•	` '	er the Chartered
						ne entity and the
						The participants
			wer	re equally div	rided as to which	model is better.
			1			

			3. All forms of entities (companies, LLPs, partnership firms) should be allowed as valuation entities. A majority of the directors/partners should be valuation professionals. There was also a view that all or 3, whichever is less, of the directors /partners should be valuation professionals, as currently provided in the Rules.
			4. Where a company is a valuation entity, (a) it must not be a subsidiary or have subsidiaries; (b) at least 51% of equity must be held by registered valuers; and (c) its sole object should be valuation.
			5. There may be three asset classes, as presently provided in the Rules, to start with. However, each asset class may enable for specialisation in niche areas also. For example, the asset class land and building may have specialisations forestry, agriculture, pisciculture, mining, tea and coffee plantation, etc. The statute may enable addition / deletion of asset classes depending on need.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	1. The model of education should be similar to that of ICAI. The Central regulator should prescribe curriculum of the courses for registration as RV and conduct the final examinations of the courses.  2. The courses may be delivered by RVOs and Universities.

			3. The admission to courses should be allowed
			through a common competitive entrance
			examination.
			4. There may be two kinds of courses for
			registration as RV:
			(a) Top-up Course: An individual with minimum
			qualification in relevant discipline such as B.E. in
			Civil Engineering or a professional qualification
			such as CA may undergo a top-up/bridge course
			of two years comprising one-year of classroom
			and one year of intensive internship with a RV.
			(b) Complete Course: An individual with a pass
			1 1 1
			in Class XII, may undergo a five-year
			comprehensive course from recognised places
			(RVOs and Universities). This may have two
			years common course for all asset classes,
			eighteen-months specialisation in the specific
			asset class, and eighteen months of internship
			with an RV.
			5. Both the models have a component of super
			specialisation in a sub-class of assets such as
			forestry, jewellery, arts, agriculture, tea and
			coffee plantation, mining, etc.
8	Market for	How big is the size of market? How the market can be developed? How	The Universities and the Central Regulator
	Research and	to incentivise research and knowledge management? How soon the extant	should conduct and promote research.
	Knowledge	knowledge would be redundant? Who does research?	•
	Management		
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services	The following valuations should mandatorily be
		be exclusive domain of registered valuation professionals? What	
		or exercisive domain of registered variation professionals. What	conducted by a registered variation.

	Т	T	
		valuations should be mandatorily be conducted by valuers? How can	(a) Every valuation required under any law in the
		competition be promoted if valuation work is reserved for a set of people?	country; and
			(b) Every other valuation required for a decision
			by Government or a public authority or a financial
			institution, by practice.
C.		REGULATORY ARCHITECTURE	
10	Type of	Does valuation profession require regulations? Should it be statutory	1. It should be a mixture of statutory regulator
	Regulation	regulation or self-regulation or regulated self-regulations?	along with regulated self-regulation.
11	One Tier Vs.	Should there be a central regulator or many parallel regulators competing	
	Two Tier	with one another? Should there be two tiers of regulators – many second-	2. It should be a two-tier structure, as in place
	Regulation	tier regulators competing with one another, under the oversight of a	comprising IBBI (Central Regulator) and RVOs.
		central first-tier regulator? Should the Valuation profession be regulated	
		by one-tier regulator as for Advocates or two-tier regulators as in	
		insolvency profession?	similar to secretarial standards and accounting
12	Regulation Vs.	Should work relating to regulation, development and standards relating	standards.
	Development	valuation profession be housed together? Do regulation and development	
	Vs. Standards	complete or complement each other? Do regulations and standards	
		compete or complement each other? What should be the scope of	
		regulation and development in terms of markets for valuers, valuation	
		services, valuation education and valuation research?	
13	Scope of	How long should be the statutory legislation? What aspects should it	
	Statutory	cover? How often this should be amended? Should it be principle based	(a) the role of the Central Regulator and its
	Legislation	or rule based? Should it be an incomplete law, i.e., should the legislation	governance structure;
		be a skeletal one with substantial dependence on subordinate legislation?	(b) the role of the RVOs;
			(c) Offences and Penalties, including appellate
			mechanism, as under:
			(i) Schedule-A comprising of major Offences by
			the Central Regulator; and
			(ii) Schedule-B: Other Offences to be dealt by
			RVOs.
			If an RV has committed offences included in both
			Schedule, it will be dealt by the Central Regulator.

14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	(d) Manner of exercising quasi-legislative, executive and quasi-judicial functions by the Central Regulator and the RVO, as an extended arm of the Central Regulator.
D.		FUNCTIONS OF THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for-profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	1. As regards the Governing Board of the Central Regulator, there were two views:  (i) The Governing Board should have a Chairperson, a few Whole Time Members and a few eminent citizens as Part-time Members. It should be supported by an Advisory Committee comprising of RVs representing RVOs. The

			Governing Board must mandatorily consider the views / decision of the Advisory Committee.  (b) The Governing Board should have a Chairperson, a few Whole Time Members and representatives of RVOs as Part-time Members. The Central Regulator (Not Governing Board) should be supported by an Advisory Committee comprising of RVs representing RVOs.  2. RVOs should be companies registered under section 8 of the Companies Act, 2013. It should have board composition as provided in the Rules. Maximum number of RVs in the governing board of RVO and minimum share capital should be prescribed. There were two views about minimum number of RVs for an RVO.
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	
21	Scope and Manner of Making	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the	

	Subordinate	instrument for subordinate legislation? Best practices that may be referred	
	Legislation	to.	
22	Scope and	What should be the extent and methodology of making bye laws by the	
	Manner of	self-regulatory organisation in the two-tier structure? What areas of	
	Making	development, regulation and standards be governed by bye-laws made by	
	Byelaws	the second-tier regulator? How to factor in the interests of society in	
		making subordinate legislations?	
23	Monitoring and	Who should monitor and what should be the manner of monitoring the	
	Enforcement	conduct of valuation professionals, market for valuation education and	
		market for valuation services? What should the scope of authority and	
		manner of inspection and investigation? What are specific roles in	
		monitoring and enforcement by each tier of regulator?	
24	Scope and	What should be the mechanism for disposal of quasi-judicial functions at	
	Manner of	each tier of regulator? Who should dispose of and the manner of disposal?	
	Quasi-Judicial	What are the directions that can be given in disposal of a quasi-judicial	
	Functions	matter? What should be the appellate mechanism?	
25	Dealing with	What should be mechanism to handle grievance of valuers?	
	Grievances of		
	Valuers		
26	Dealing with	How should grievance and complaints against valuers be handled by first-	
	Grievances	tier and second tier regulators?	
	against Valuers		
E.		VALUATION PROFESSIONALS	
27	Eligibility to be	Who can be a valuer? What should be eligibility for an individual to be a	
	a Valuer:	valuer? What qualification and experience an individual should have to	
	Qualification,	be a valuer? Should one have a degree in valuation? Should one have only	
	Experience,	top up education in valuation, after having a degree in engineering,	
	Entity	management, finance etc.? Who should provide education? What should	
		be the eligibility to be an organisational valuer? How many asset classes	
		should be available? Should a minimum and maximum age for practicing	
		of profession be specified?	

28	Independence	How to hold a valuer accountable for his services? What should be	
	and	disclosures by him? How to minimise influence of stakeholders on his	
	Accountability	independence? How should the fees of a valuer be fixed? Should fee be	
	of Valuer	regulated?	
29	Code of	Is the code of conduct provided under the Companies (Registered Valuers	
	Conduct and	and Valuation) Rules, 2017 adequate? How to ensure that the code of	
	Ethics	conduct is followed? How to monitor this?	
30	Scope and	Should valuation standards be prescribed? Who should prescribe such	
	Manner of	standards? How should such standard be developed and reviewed? Should	
	Making	such development be a continuous process? What should the legislation	
	Valuation	provide regarding standards? Should regulator have any role in makings	
	Standards	standards?	
31	Protections for	How valuers can be protected for their bonafide acts? Should protection	RVs should have insurance to protect against
	Valuers	flow from regulations or statute? What should be the extent of permitted	professional liabilities. They should have
		disclaimers? How much immunity should disclaimers provide?	protection against actions taken in good faith.
32	Reputation of	How to build and protect reputation of valuers? What factors to be	
	the profession	considered to consider a person as 'fit and proper' for registering a person	
		as valuer?	
F.	D 0 : :	DEVELOPMENT OF PROFESSION	
33	Profession vis-a-	How is technology influencing valuation profession? What technology	
	vis Technology	and how can such technology be used in markets for valuation services,	
		valuers, valuation education and valuation research? Will technology	
2.4	C 1	machines replace valuation professionals in course of time?	
34	Scope and	What is the scope of development? To what extent it includes lobbying?	
	Approaches of	Does it include advocacy? Does it include development of markets? Does	
	Development	it include education, continuing professional education, examination,	
		development of curriculum and study material, etc? How can regulation	
		facilitate development? What is the role of first tier regulator in	
		development? What is the role of second tier regulator in development?	
		Should market undertake development? Should regulator compete with market in education?	
		market in education?	

35	Scope and	What is the scope of research? How much of research is necessary for	
	approaches for	sustenance of valuation profession? Will market undertake research on its	
	Research	own? How research can be facilitated and encouraged? What is the role	
		of first tier regulator in research? What is the role of second tier regulator	
		in research? Should regulator compete with market in research?	
G.		TRANSITIONAL MECHANISM	
36	Phasing: Short /	How should the roll out of the new regulatory framework be phased?	
30	_		
	Medium / Long	What should be done immediately, what should follow and what should	
	Term	be done in long run?	
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What	Existing RVs should be grandfathered. Other
		should be the process of grand fathering?	valuers may be grandfathered subject to meeting
			certain norms.
38	Transitional	How long it should take for the first-tier regulator to come up and take	
	Arrangement for	over the task from IBBI? How the work would be transitioned to the	
	IBBI	regulator?	
39	Transitional	Should existing RVOs be automatically transition to as second tier	
	Arrangement for	regulator? In what time frame? In case fresh eligibility norms are	
	RVOs	stipulated for second tier regulators, how much time should existing	
		RVOs be provided to comply with the new norms. Should the number of	
		second tier regulators be capped?	
40	Transitional	Should existing registered valuers be automatically be migrated to the	
	Arrangement for	new regulatory regime? What should they transition?	
	RVs		

### 5. The RVOs were requested to provide:

- (a) written response to each issue in the questionnaire along with any other issues / views they may have;
- (b) a compilation of valuations required under various laws and by practice, in India (By Mr. Gupta of CVSRTA RVA); and
- (c) a list of contraventions by a valuer which should attract penalty (By Mr. Pendse of PVAI PVO).

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#### Views Received at Roundtable held at Mumbai on 7th October, 2019

Names of Members of the Committee of Experts Present : None

Names of CEOs of RVOs Present : None

Composition of participants :

A total of 29 participants were present representing all 3 asset classes.

Members of IOV RVF, CVSRTA, PVAI, IIV RVO and ICAI RVO were present.

SI. No.	Issues for deliberation	Elaboration of the Issue	Views
Α.		VALUATION PROFESSION	
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	No Views.
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	No Views.
4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far, What has worked well? What has not worked well?	

			Experience should be in valuation of asset class and not experience in specified discipline.     Examination pattern fails to weed out undeserving applicants. Subjective assessment should also be considered.     Code of Conduct / Ethics not being monitored.
B.			
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	<ul> <li>Price being fixed by Service user. No floor on fees should be prescribed.</li> <li>Both individual and valuation firms needed.</li> </ul>
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other – is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	<ul> <li>specified discipline may be helpful.</li> <li>Integrated course after class 12 may not be of help as knowledge of specified discipline is</li> </ul>
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	Inadequate Research being undertaken.     Students of M.Val undertake limited research as part of curriculum.

			Database of valuation assignment should be developed.     Regulator should facilitate research by RVOs.
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	: Barrier : Barrier -
C.		REGULATORY ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	Regulation is required.
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	Majority: Central Regulator     Others: 2 Tier Regulator wherein tier 1
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	· A standard Board under the Regulator should
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	<ul> <li>Principle based regulation should be made to remain flexible and meaningful for a long time.</li> </ul>

14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	No views.
D.		FUNCTIONS OF THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	regulator.  Those in favour of 2 tier regulator prescribed regulatory functions for central regulator and
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	No views.
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	No views.
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-	No views.

Page 4 of 8

		tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	A combination of grant and fees was proposed.
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	Public comments should be sought on issues post which draft should be prepared.  Thereafter views on draft should be sought before finalisation.
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	Same as point no. 21.
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	Central regulator should undertake monitoring and enforcement.     On constitution of the Committee for monitoring and enforcement, 2 views emerged:     Committee of all Valuers.     Committee with mis of valuers and non-valuers wherein non-valuers shall be fixed while valuers are represent by rotation.  An Appellate mechanism should be provided.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	No views.

25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	A Committee should look into grievances of and against valuers.     On constitution of the Committee for monitoring and enforcement, 2 views emerged:     Committee of all Valuers.     Committee with mis of valuers and non-valuers wherein non-valuers shall be fixed while valuers are represent by rotation.      An Appellate mechanism should be provided.
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	Same as point no. 25.
E.		VALUATION PROFESSIONALS	
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	
30	Scope and Manner of Making	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation	standards should be constituted.

Page 6 of 8

	Valuation Standards	provide regarding standards? Should regulator have any role in makings standards?	Committee should be reconstituted each time when review is necessary.     Periodicity of review may be decided upfront.
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	Regulation should provide for protection for bonafide acts.     Disclaimers can not be standardised as each assignment is unique.     Guidance Notes to be prepared with regard to disclaimers.
32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	<ul> <li>'Fit and Proper' condition should be more specific.</li> </ul>
F.		DEVELOPMENT OF PROFESSION	
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	Inadequate infrastructure to leverage on data.
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	Profession requires advocacy.
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	No views.
G.		TRANSITIONAL MECHANISM	

Page 7 of 8

36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	No views.
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	No views.
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	No views.
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	<ul> <li>RVOs may not be required as majority proposed central regulator.</li> <li>RVOs may be phased out in 2-3 years.</li> </ul>
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	All RVs should be taken under the fold without applying new guidelines on them.
H.	The second secon		
41.	None.		

ASalmozlulzora (Amit Sahu)

Deputy General Manager Insolvency and Bankruptcy Board of India

## Views Received at Roundtable held at Hyderabad on 09th October, 2019

Names of Members of the Committee of Experts Present:

a.

b.

C.

Names of CEOs of RVOs Present:

a. IOV, Hyderabad

b.

C.

SI. No.	Issues for deliberation	Elaboration of the Issue	Views
A.		VALUATION PROFESSION	
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	It should be like CA and Doctor profession.
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	separate mechanism.
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India?  Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	IOVs are of the view that Valuation is judgement only. We do intrinsic work. Its opinion only; Explained in other countries how the valuation being done. Every valuation has to substantiate the valuation with proofs. In India we fill only columns whereas in other countries there are reports with proofs. We have to maintain Data Bank; In other countries the information is available. Whereas in India no proper mechanism is available. There are no references. International Standards cannot be implemented.

4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	
B.		MARKET FOR VALUATION PROFE	SSION
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	Huge market and Competitive in future. The competition leads for more stipulations and trained valuers. More regulations and in India market share is Organisation only. Economy influences growth of the
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	It was observed that the market of valuers is unorganised. Companies are making money. Non-profit organisations are not running as per guidelines. Hence the organisations to be removed.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other – is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?.	but existing valuers every time examining is not correct. There should be procedure like Bar Council CAs etc.
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	Research should be done. The Value will be based on Economy.

9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	b) Yes c) Specified to the domains
C.		REGULATORY ARCHITECTUR	PE .
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	There was consensus that a single tier regulatory structure should be in existence.  A Central regulator was suggested. There can be different chapters as in the case of ICAI.
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	Classification to be done for each asset.
D.		FUNCTIONS OF THE REGULAT	OR

15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	Valuers.
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	nominated post. Elected by Valuers like Bar Council; Valuers are already being regulated like depanellment, CBI cases etc. MCA can also appoint for regulating body for control of valuers. It should be from Govt. MCA can come up with Govt. body. No RVOs. In
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for-profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and	Agreed for Single Tier only.

		what are the means of such control? How to protect the regulator from regulatory capture?	
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	*
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	Agreed for Single Tier only.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	Agreed for Single Tier only.
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	

26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first-tier and second tier regulators?	
E.		VALUATION PROFESSIONAL	S
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	experience/ training is desirable as eligibility for entry into profession.  It should be as per IBBI only. No age limit. In US the Valuer can have any degree and preference to economic degree holder. In other countries there are Real Estate Agents as Values.
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	be fixed commensurate to the professional fee
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	should not automatically apply in the Indian scenario.  A valuation service equivalent to India may be
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	Valuers should be protected. It was suggested that it is important to identify the bonafide complainants. For

32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	As per IBBI.
F.		DEVELOPMENT OF PROFESSION	ON
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	Desktop valuations are being done in Pvt. Banks Technology supports the system. If there is no site inspection then Desktop valuations can be done, as
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	should be done.
G.		TRANSITIONAL MECHANISM	
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	Automatic regulation as being done by IBBI.

41.			
H. 41.		ANY OTHER VIEWS / SUGGESTION	DNS
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	

Name and Signature of IBBI Officer who has compiled the views received at the roundtable.

(PAWAN K KUMAK)

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Page 8 of 8

# Views Received at Roundtable held at FICCI on 10th October, 2019

SI. No.	Issues for deliberation	Elaboration of the Issue	Views
A.	VALUATION PR	ROFESSION	
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	
4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	Valuation profession, unlike the present regulatory structure, should not be limited only to valuations under the Companies Act, 2013 and the Insolvency and Bankruptcy Code, 2016. It should also cover valuation related services.     There were three views, namely, (i) there should be only one regulator; (ii) there should be one statutory regulator and one front-line regulator; and (iii) there should be one statutory regulator and many competing front-line regulators.
B.	MARKET FOR V	ALUATION PROFESSION	
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and	The banking sector is primary user of valuation services. However, the valuers follow divergent practices for valuation even for different banks. The valuers follow different practices for

Page 1 of 8

		organisational valuers? What influences growth of the market? Does the market need to be developed?	valuations under different laws or for different purposes. The law should bring in homogeneity of practices.  2. Valuation services should be defined.
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	Different views were expressed:  (i) One should have a university degree or professional qualification and then undergo a bridge / top up course of 1 - 2 years duration to be eligible for registration as valuer.  (ii) One should complete a 4-5 year dedicated valuation course after class XII to be eligible for registration as valuer.  (iii) One should have a degree / professional course in a related filed and have some training programme and examination, as provided under the Rules, to be eligible for registration as valuer.  (iv) All the above three options may be available for choice and competition.  (v) The Central regulator may accredit institutions (universities and RVOs) to provide education for all three options.  (vi) The admission for options (i) and (ii) may be through a common screening examination.  (vii) Practical should be a major component of valuation education. All the three options should have a component of internship.  (viii) There should be a requirement of continuing professional education.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	

Page 2 of 8

9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	
C.	REGULATORY	ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	a single-tier structure. A Central Regulator should be there on the lines of IBBL 2. A dissenting view was also there which
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	One view was that statute should provide for basic minimum fee to be charged for services. However, dominant view was that it should be left open for market forces to decide.
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	

Page 3 of 8

D.	FUNCTIONS OF	THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	
17	Governance of Each Tier	Should regulator — first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?	There should be only one tier Central Regulator. The governing body should comprise elected representatives and government nominees, similar to that of ICAI, ICSI. There was also a strong view in favour of two-tier structure.
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	

Page 4 of 8

20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.	
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	
25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	
E.	VALUATION PR	ROFESSIONALS	

27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	Same as against item Nos. 6 and 7. An apprehension was expressed that a long 4-5 year course may not be feasible. The I-Star Institute has delivered not more than 400 pass outs in its existence of more than 10 years.
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?	The fee of valuers should eb regulated: It is regulated in Australia. CBDT has a scale of fee for valuation of various assets. The Architects Act has recommendatory slabs for fee. There was a strong differing view that the market should determine price. The broad consensus was that market should determiner price, subject to a floor.  The independence of valuers may be ensured by (a) requiring every assignment to be in writing. (b) ensuring that Appointing Authority is not a related party, and (c) prohibiting the beneficiary from paying fee for valuers.
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?	non paying rec to valuess.
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings standards?	
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	

Page 6 of 8

32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	
F.	DEVELOPMEN	T OF PROFESSION	
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	
G.	TRANSITIONAL	MECHANISM	
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	There was division of views whether the existing valuers be automatically allowed in the new system. Some suggested that every practising valuer under section 34AB of Wealth Tax Act, 1957 must be allowed to enter automatically in the new system, while others suggested an examination and minimum training for the

Page 7 of 8

			purpose of grandfathering. Some suggested entry should be allowed based on evaluation of valuation reports prepared by an individual in the preceding five years, irrespective of his qualification and experience.
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	
40	Transitional Arrangement for RVs	Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?	
H.	ANY OTHER VI	EWS / SUGGESTIONS	
41.	Any other, not co	vered above.	
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Name and Signature of IBBI Officer who has compiled the views received at the roundtable.

Page 8 of 8

#### Views Received at Roundtable held at Mumbai on 11th October, 2019

Names of Members of the Committee of Experts Present : (i) Mr. Varun Gupta, (ii) Mr. Nitin Kapoor.

: None. Names of CEOs of RVOs Present

Composition of participants:

A total of 20 participants were present representing all 3 asset classes including registered valuers (both individual and entity).

Members of PVAI and ICAI RVO were present.

Participants included officials of State Bank of India and Duff & Phelps.

SL No.	Issues for deliberation	Elaboration of the Issue	Views
A.	TO A STATE OF THE PROPERTY OF		
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	Valuation should become a profession of choice.     Specialised, Structured and Accountability needs to be factored in the regulation of the profession.     Exclusivity of Practice:     Majority favoured parallel practice along with of the professions such as Architect, CA, CS etc be permitted as cross knowledge enriches the profession.
2	Review of Valuation Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	Model of Australian Property Institute may be reviewed.     RVOs required for better discharge of functions.     Regulated - Self regulation preferred.
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	No views.

Page 1 of 8

4	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	<ul> <li>and not experience in specified discipline.</li> <li>Role clarity on definition of Valuer under Section 247 of the Companies Act, 2013.</li> </ul>
B.			
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?	Limited market potential in smaller cities / towns.
6	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?	Same as point no. 5.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should	internship.

Page 2 of 8

		education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?		
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	the field of valuation. Should prepare guidance notes for its members etc.	
9	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?	should be permitted as limited opportunities exists in smaller towns / cities.	
C.		REGULATORY ARCHITECTURE		
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?	ion profession require regulations? Should it be statutory Regulated- Self regulation 2 tier regulator	
11	One Tier Vs. Two Tier Regulation	Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators — many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	<ul> <li>Number of RVOs are in excess and the same should be limited.</li> </ul>	
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	Prescription of standards;     Periodic review of standards; and     Provide guidance notes on standards.	
13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?		

Page 3 of 8

14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	IBBI model may be referred to.	
D.	FUNCTIONS OF THE RECULATOR			
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	tier 2 regulator and central regulator.	
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?	lo views.	
17	Governance of Each Tier	Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?		
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	Central regulator should undertake disciplinary action through disciplinary Committee.     Disciplinary Committee should have representation from tier 2 regulator, valuers and eminent persons.	

Page 4 of 8

19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?	
20	Resources of each Tier	What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?	Tier 2 : Fees.
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to	
22	Scope and Manner of Making Byelaws	What should be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	
23	Monitoring and Enforcement	Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	Monitoring should be with Central Regulator.     Appellate mechanism should be provided.      View 2:     Tier 2 should undertake monitoring and enforcement.     Central Regulator should act as Appellate.
24	Scope and Manner of Quasi-Judicial Functions	What should be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?	

Page 5 of 8

25	Dealing with Grievances of Valuers	What should be mechanism to handle grievance of valuers?	Tier 2 regulator may handle within a prescribed timeline.	
26	Dealing with Grievances against Valuers	How should grievance and complaints against valuers be handled by first- tier and second tier regulators?	Central regulator may handle within a prescribed timeline.	
E.	against valuets	VALUATION PROFESSIONALS		
27	Eligibility to be a Valuer: Qualification, Experience, Entity	Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?	for grant of registration under the Rules.	
28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be		
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of		
30	Scope and Manner of Making Valuation Standards	Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What should the legislation provide regarding standards? Should regulator have any role in makings		
31	Protections for Valuers	How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted disclaimers? How much immunity should disclaimers provide?	No views.	

Page 6 of 8

32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as 'fit and proper' for registering a person as valuer?	Profession suffers reputation in the absence of regulation.	
F.	DEVELOPMENT OF PROFESSION			
33	Profession vis-a- vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	No views.	
34	Scope and Approaches of Development	d What is the scope of development? To what extent it includes lobbying? No views, nes of Does it include advocacy? Does it include development of markets? Does		
35	Scope and approaches for Research	What is the scope of research? How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?		
G.		TRANSITIONAL MECHANISM		
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?		
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?		
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	IBBI should continue to till Authority under the new framework is identified.	

Page 7 of 8

39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of	SHOULD BE BELLET THE
40	Transitional Arrangement for RVs		Entry Criteria situate to presente
H.		ANY OTHER VIEWS / SUGGESTIONS	
41.	to the first the		the interest of the RVs.
			Ar I

(Amit Sahu)

Deputy General Manager

Insolvency and Bankruptcy Board of India

### SUMMARY OF VIEWS RECEIVED ON ONLINE PORTAL

### **Valuation as Profession**

The valuation profession should become a well- recognised and respectable profession with the capacity to attract younger talents. It may be similar to any other profession such as Architects, medical professionals, Chartered Accountants, Company Secretaries, Advocates etc. Models of RICS (UK & USA), IVSC, the Appraisal Foundation (USA), TeGOVA etc. The Valuation profession should also enhance its ambit to social and environment implications of valuation apart from their core economic purposes (This means that along with fair market value, sustainable valuation, linking environmental sustainability should also be practised in India). The valuation profession in the future would mostly be automated and data driven and therefore the valuation profession should adopt the technical developments.

### Market for valuation profession

The views of public received with regard to market of valuation profession was divergent and often contradictory. On one side, some has opined that the market for Valuation Services is very vast viz. from Companies to personal consumption. The market is already well developed and comprises of Valuation Services required by Government Regulation (like IBC, Provisions of Companies Act, Income Tax, Sarfaesi, Court order, etc) and Valuation Services Required for making business decisions (like Sanction of Credit Facilities, M&A decisions, etc)

On the other side, it is also suggested that the market for valuation profession is limited. The routine and repetitive valuation assignments may be may be taken over by inhouse valuers and artificial intelligence. The valuation as it stands today is a narrow vertical unlike the professions of engineering, medicine, law, auditing, financial advisory services and the like. Therefore, there has to be a scope for widening the profession from offering mere valuation services to provision of due-diligence and Techno-economic viability study for investments so that credit appraisal process is strengthened and users of the services get more comprehensive offerings. It is suggested that the asset classes may be merged or enhancing the market of valuers.

It was also suggested that the valuation should be exclusive domain of valuers registered under a regulatory regime, similar to the practice adopted for advocates, doctors, chartered accountants and other such professionals.

### **Regulatory Architecture**

With respect to the regulatory architecture divergent views of the public was received. The views were favourable for a statutory regulator. Some were in favour of regulated self regulation while some favoured for central regulation.

It was suggested that the regulatory body should be single tier with Central Regulator as primary body just like other Profession i.e. Advocate Act, Architect Act, etc. Further, state level bodies under the control of central regulatory body can be elected through elections in democratic way only. No valuer professional or private person must be allowed to be nominated as member of any committee under regulatory body. Every person as representative of members must be selected through fair elections by members only.

Although some suggestions came in favour of two-tier regulatory structure, majority of the views were in favour of single tier statutory regulatory framework which gives benefit of more transparency any better accountability.

The funding of the central regulator may be from government grants, yearly contribution by valuers as well as other stakeholders.

### **Functions of the Regulator**

The Central level committee must work on nomenclature/syllabus/ subjects required to be introduced as part of technical degree and for Master in Valuation program. The state level body must work on Valuation Standards as per State policies and look out for betterment of profession at local levels. The Committee shall be responsible for conducting seminars and workshops for upgradation of profession. The tier 2 regulator may deal with setting course materials, granting certificate of practice, conducting continuous educational programmes, monitoring of members, receiving grievances against the valuers, etc., while the central regulator may deal with registration of members, setting of syllabus of examination, conducting disciplinary actions, etc.

The central regulator may decide on the grievances against the valuers in the manner as done in other professional bodies / institutes.

### **Valuation Professionals**

The Companies (Registered Valuers and Valuation) Rules, 2017 adequately deals with the eligibility conditions of the valuers. Some more eligible educational / professional qualifications may be added such as for the asset class of SFA, the qualification of having passed CAIIB alongwith 10 years of experience may be considered for registration. The eligibility qualifications prescribed under Rule 8(a) of Wealth Tax Rules, 1957 may also be adopted. Further, diploma holders who are into practice for more than 15 years in Valuation should be allowed to continue their practice with limitations on the quantum values of worth of the property.

To secure the independence of valuer a categorized fee structure with respect to the quantum of the work may be prescribed. Also, the valuer may be instructed to attach the picture of on-site inspection. Further, all the assignments may be received by a central authority and from there the assignments may be assigned to various valuers. The code of conduct has to be more elaborate than what is there currently under the Companies (Registered Valuers and Valuation) Rules, 2017. The monitoring is to be strictly periodic in nature and to be done via regular declarations in predefined formats which should be made publicly visible

### **Development of Profession**

The development of valuation profession can be undertaken by continuous seminars as well as workshops to be conducted by secondary level regulator under the guidance of central regulator. While submitting the report, there may be certain questionnaire on Code of conducts followed in the valuation report being submitted, which will check and comply the Code of Ethics.

The technology would both assist as well as challenge the valuers in their profession. The advent of artificial intelligence would make the routine work of valuers automated. It is important that the skills of valuers is adequately upgraded to keep up with the dynamic changes in the market.

There is a requirement of research in the field of valuation profession. Scope of research would involve data mining and data analytics of asset prices in various markets, relative merits of various approaches and methods, application of technology, development of apps for various elements of the work, lobbying with governments for uploading all property related info and village records in portals, fraud identification, research on benefits of development of unique id for properties and recommendation to the government bodies on the same, research on benefits of uploading all approved plans on portals, are some of the areas with good scope for research and development.

### **Transitional Mechanism**

The new framework should be rolled out only after lag of certain time period. There is a division of views whether the existing valuers be automatically allowed in the new system. Some suggested that every practising valuer must be allowed to enter automatically in the new system, while others suggested an examination and minimum training requirement be prescribed.

### Learnings from the views received from online portal

- The learnings from regulatory structure of existing professions such as Architects, medical
  professionals, Chartered Accountants, Company Secretaries, Advocates etc may be utilised for
  designing regulatory architecture for valuation profession. The Valuation profession should
  enhance its ambit to social and environment implications of valuation apart from their core
  economic purposes.
- The market of valuation profession would be challenged by the advent of artificial intelligence
- The scope of valuation may be enhanced to expand the valuation market.
- The scope of eligible educational and professional qualifications may be enhanced to accommodate diploma holders and other practicing valuers.
- The independence of valuers may be ensured by securing fee to be received by the valuer and also monitoring his professional act.
- The eligibility criteria under the Companies Rules needs to be supplemented with additional eligibility parameters pertaining to training and educational/professional qualifications. The issue of minimum fee for the valuers needs examination.
- The valuers must be appropriately skilled at all times to keep up with the challenge of technology.
- The research in the field of valuation profession must be encouraged.
- Transition period required. Transition of valuers and RVOs under new framework may be based on prescribed conditions.

To, 30<sup>th</sup> October, 2019

### **Insolvency and Bankruptcy Board of India**

Valuer Division, 7<sup>th</sup> Floor, Mayur Bhawan, Shankar Market, Connaught Circus, New Delhi - 110 001

Via email to: sahu.amit@ibbi.gov.in;
deeptanshu.singh@ibbi.gov.in;
feedback@ibbi.gov.in

Ref: IBBI/PR/2019/28 dated 08th October, 2019

# <u>Sub: Consultation Paper on Institutional Framework for Regulation and Development of Valuation</u> Professionals

At the outset, we, at Indian Association of Investment Professionals (IAIP), a member society of the CFA Institute, appreciate the opportunity to submit our response to the **CONSULTATION PAPER ON INSTITUTIONAL FRAMEWORK FOR REGULATION AND DEVELOPMENT OF VALUATION PROFESSIONALS.** 

IAIP is an association of over 2000 local investment professionals who are CFA charterholders and about 4000+ professionals who have cleared exams, eligible and awaiting charter. The Association consists of valuation professionals, portfolio managers, security analysts, investment advisors, and other financial professionals, that; promote ethical and professional standards within the investment industry, facilitate the exchange of information and opinions among people within the local investment community and beyond, and work to further the public's understanding of the CFA designation and investment industry.

CFA Institute is a global non-profit association of investment professionals with over 164,000 members in over 165 countries. In India, the community of CFA charterholders is represented by the Indian Association of Investment Professionals (CFA Society India).

Through our global research and outreach efforts, CFA Societies around the world endeavour to provide resources for policy makers, financial services professionals and their customers in order to align their interests. Our members engage with regulators in all major markets.

With regards to the above mentioned consultative paper, although we are yet in the process of studying this area of regulation, we would like to provide our initial comments consistent with our objective to promote fair and transparent global capital markets and to advocate for investor protection.

We would be happy to hear and discuss the merits / demerits of suggestions proposed by other practitioners and request to be included in the deliberation process.

Our responses to some of the important points from Annexure I in the above referred press release by IBBI are mentioned below:



### A. Details of our Organisation:

1. Name: Indian Association of Investment Professionals (CFA Society India)

Contact number: +91 98196 30042
 Email address: <a href="mailto:advocacy@iaipirc.org">advocacy@iaipirc.org</a>

4. Postal address: 702, 7th Floor, A Wing, One BKC Tower, Bandra Kurla Complex, Bandra (E),

Mumbai - 400 051

### **B.** Key Contributors:

1. Mr. Om Kumar Jha, CFA

2. Mr. Devan Furia, CFA

### C. General Views:

Our primary comment is directed towards acceptability of global credentials and practices in India. In addition to the domestic valuation industry, India has a large and growing industry that supports global valuation needs. This industry has grown at an outstanding rate over the last decade as global corporations have moved valuation work to India in order to take advantage of lower costs and talent availability. Many well known overseas financial services names have outsourced part of their operations to India and this is expected to continue to grow further. There are more than 150,000 Indian employees who are operating in these firms.

Given the acceptance of IFRS and fair value reporting in India, as well as global markets, we believe the Indian valuation industry will grow significantly, especially domestically, which makes a strong case for Indian policy makers to formally recognise international certifications like the CFA Charter in order to promote global best practices of ethics and professional excellence, thus improving investor protection and market integrity. Before we provide our specific comments, we would like to share a couple of links to our website which the Committee might be interested in:

- Regulator and Program Recognition (Fact Card): <a href="https://www.cfainstitute.org/-/media/documents/factsheet/rpr-factsheet.ashx">https://www.cfainstitute.org/-/media/documents/factsheet/rpr-factsheet.ashx</a>
- ii. CFA Program Candidate Body of Knowledge (CBOK): https://www.cfainstitute.org/en/programs/cfa/curriculum/cbok

### D. Specific Views:

Sr. No.	Issue	Views / Suggestions
10. Type of Regulation Move towards Regulated Self-Regulation		Move towards Regulated Self-Regulation
		We would like to share a link to a research report which the Committee might be interested in:
		https://www.cfainstitute.org/en/advocacy/market-integrity- insights/2013/09/cfa-institute-report-can-self-regulation-work-in- securities-markets
		The above webpage provides a background and a link to a detailed CFA Institute report - Self-Regulation in the Securities Markets: Transitions and New Possibilities - which addresses the questions being raised about the continued utility of self-regulation in today's markets and highlights the

great potential it offers, especially in emerging markets.

This report highlights that, for all the potential benefits, self-regulatory systems also have a number of inherent conflicts that must be addressed in order to remain credible. The report notes a number of them (particularly the failures of prominent SROs like the CBOE and FINRA in policing and controlling conflicts of interest) and urges future improvements to SRO governance structures to enhance market and investor trust.

Despite all the challenges, we do believe that self-regulation holds the potential for alleviating the strain on regulators (which suffer from budgetary pressures and overseeing voluminous regulations), among other benefits.

If a regulated self-regulatory structure for the valuation profession is considered, we need to ensure that the activities of the self-regulatory organisations are palatable and transparent to market participants. Unless these organisations are seen to enhance market integrity, their activities could have the reverse effect. To that end, the above mentioned CFA Institute report proposes a few recommendations (refer page no. 36 of the report) designed to make SROs an accepted and trusted part of the global financial market regulatory system.

27. Eligibility to be a Valuer:
Qualification,
Experience,
Entity

Presently there is certification for 3 asset classes. We suggest incorporating more asset classes as well as making qualification criteria more robust. Both of these points have been separately elaborated below:

### **Incorporating more asset classes**

This will enable specialized study, examination and establishment of professional framework relevant to the specific asset classes.

Present Classification of Asset Classes:

- 1. Land and Building
- 2. Plant and Machinery
- 3. Securities or Financial Assets

### **Suggested Additional Asset Classes:**

- 1. Gems, Jewelry and Precious Art
- 2. Private equity and Pre-IPO equity
- 3. Distressed Assets and Illiquid Securities
- 4. Derivatives, specifically exotic / complex structures
- New Technology Based Businesses, which have cash flow and profitability dynamics that are different than the older businesses

Categories 2 to 5 of suggested additional asset classes could be categorized as area of specialization within Securities or Financial Assets.

### Identify specific areas of specialization will have following advantages:

 Specialized Body of Knowledge: Separate curriculum and/or recognizing other reputed degree / diploma / certifications that provide required knowledge by making them eligible for some exemptions

- Appropriate Regulatory Framework: Facilitation in identifying asset class specific requirements and gauging the impacts of breaches on overall economy. For example, derivative mispricing can impact financial institutions and destabilize the markets, or failing to price IPOs in a fair manner might make the primary markets riskier and impact investor confidence.
- Establishing Professional Associations of certified members catering to specific asset classes: This has the potential to help in promoting global best practices and developing innovative ideas in valuing complex assets by valuation professionals specializing in their respective domains.

# Enhancing Emphasis on Relevant Qualification (With Securities Or Financial Assets class as an example)

Having a more rigorous study curriculum and examination system will ensure that those who get certified are better prepared to handle challenges in the profession.

The existing curriculum for certification exam covers:

S. No.	Topic	Weight (%)
1.	Macroeconomics	4
2.	Finance and Financial Statement	6
	Analysis	
3.	Professional Ethics and Standards	4
4.	General Laws	18
5.	Financial Reporting under Indian	5
	Accounting Standards	
6.	Overview of Valuation	4
7.	Valuation Approaches	3
8.	Valuation Application	33
9.	Regulations Relevant to Financial	4
	Asset Valuation	
10.	Judicial Pronouncements on	3
	Valuation	
11.	Case Studies	16
Total		100

This is a sound curriculum; however following are some limitations of the existing system that we have identified and where we would like to suggest improvements:

- 1. Training of 50 hours only, conducted by Registered Valuer Organizations
- 2. Only one examination of 2 hours to test everything
- 3. All kinds of Financial Assets being clubbed in one test

### Our suggestions are:

- 1. <u>Create different levels and study topics</u>, to test following level of proficiency:
  - a. Understanding of Concepts
  - b. Application of Concepts
  - c. Ability to take and explain decisions in complex situations

	I		
		2. Provide <u>robust study material</u> , created with support of experts in the specific field, including real life case studies for candidates to understand various aspects of the valuation profession	
		<ul> <li>3. Provide relevant exemptions to candidates with certain professional qualification who might have studied a specific part of the curriculum in depth, for example:</li> <li>a. CFA Charterholders may be exempted from most of the modules covering valuation of asset classes, as they have been tested for</li> </ul>	
		achieving a certain level of mastery of those concepts as part of the CFA Program, and therefore, they may be allowed to proceed with fulfilling the testing requirements which are not covered in the CFA Program, like the knowledge of local laws and regulations.  This will motivate more people with professional qualifications to register as valuers.	
		<ol> <li>Conduct each level of examination after some gap, for example six months, depending on level of robustness of the curriculum         <ul> <li>This, along with the previous point, will ensure that the course will be longer for candidates with no professional education background while it will be shorter for candidates with relevant professional qualifications.</li> </ul> </li> </ol>	
		<ul> <li>Just as B. Com and B. Com (Honors) are distinct degrees, distinct qualifications can be provided for candidates choosing to either pursue the program with only general focus on business valuation to pursue specialized knowledge of one or more of the following areas:         <ul> <li>a. Private equity and Pre-IPO equity</li> <li>b. Distressed Assets and Illiquid Securities</li> <li>c. Derivatives, specifically exotic / complex structures</li> <li>d. New Technology Based Businesses, which have cash flow and profitability dynamics that are different than the older businesses</li> </ul> </li> </ul>	
		Citations of some global programs on business valuation that provide	
		<ul> <li>some exemptions to CFA Charterholders:</li> <li>Certified in Entity and Intangible Valuations Credential offered by American Society of Appraisers:         <a href="https://www.appraisers.org/credentials/ceiv-certification">https://www.appraisers.org/credentials/ceiv-certification</a> </li> <li>Chartered Business Valuator Credential offered by CBV Institute,</li> </ul>	
		Canada: https://cbvinstitute.com/course-exemptions	
32.	Reputation of the Profession	Recognition of Experience Along With Education  To establish certain amount of trust, recognition of those who have significant relevant experience of applying knowledge obtained through education.	
		<ol> <li>Different level of certifications / professional recognition</li> <li>Whoever has the requisite education and has <u>cleared certification</u> examination, may start working, however with limited authorities</li> <li>Whoever meets the first criteria and also has relevant and significant experience (for e.g. 4 years), may have more authorities in conducting valuation assignments</li> </ol>	

Example from one of the global valuation framework: Different certifications provided by American Society of Appraisers, link: <a href="https://www.appraisers.org/credentials">https://www.appraisers.org/credentials</a>

# This can be modeled after CFA Institute's approach to award the CFA Charter as noted below:

- Clearing Exams: An individual might mention the level of CFA curriculum he/she has successfully cleared. However, even after clearing all levels of the CFA curriculum, one is not eligible to apply for the CFA Charter unless they acquire requisite work experience, which is 48 months.
- Charter Award: After acquiring requisite relevant work experience, those who have cleared all levels of the program can apply for the CFA Charter.

There can be alternative approaches to ensure candidates obtain relevant work experience, however key elements to consider could be:

- Allow Tapping Market Value: If it is a stipend based training for a few years, then the stipend may be appropriately stipulated by the regulator, otherwise it might discourage individuals with professional qualifications to pursue the profession on a low stipend. Allowing them to tap their market value soon after obtaining a recognized qualification relevant to the valuation profession will invite talent to this profession.
- Accountability and Professional Conduct: A well-defined and structured procedure may be laid out and accountability clearly defined for the below three parties in the process of recognizing relevant experience for certification:
  - a. The candidate who is claiming fulfilment of requisite relevant experience
  - b. The reference who is substantiating it
  - Institute / Organization verifying the claim and awarding the recognition

If any breach is found, the parties mentioned above shall have responsibility to prove that they followed processes independently and objectively.

Thank you again for the opportunity to comment on this important regulatory framework. As mentioned earlier, we are still in the process of studying this important area of regulation and due to paucity of time, we were unable to provide detailed comments on some of the other important topics the Committee would be focusing on while deliberating on this regulatory framework. Therefore, we would like to request you to allow us about one month of additional time to contribute further with additional inputs and insights on this subject. We would really appreciate if you would be able to revert to us on this request for extension of time.



If you or your staff have questions or seek further clarification, please do not hesitate to contact Mr. Rajendra Kalur, CFA at CFA Society India by email at advocacy@iaipirc.org

Sincerely yours,

Rajendra Kalur, CFA
Director - Research and Advocacy Committee
Indian Association of Investment Professionals, Member Society of CFA Institute



# Roundtable on Institutional Frame work for Regulation and Development of Valuation Professionals

# - List of Issues for Discussion

Sl. No.	<u>Issues for</u> <u>deliberation</u>	Elaboration of the Issue	Representation / Comments
<u>A</u>		VALUATION PROFESSION	
1	Vision of Valuation Profession	What is your vision of the valuation profession, five years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?	Valuation is one of the most important factor of the economy of the nation. So proper valuation is most important and that should be done by qualified valuers with proper regulation. The scope and opportunity is huge and it will be more if all valuations come under regulation.  Valuation regulation will be imposed not only for professional valuers. It should be extended to engager and in the field of services.  First five years the existing qualified valuers (By qualification and experience) will serve the nation under the regulation. Next five years only qualified valuers under new regulation will act. 20 years onwards all valuation, valuers, valuation service, engagers will be regulated by the Act only. and several of universities and institutions will come up with valuation courses with existing. New branch of studies will be developed like Engineering, Chartered Accountancy, Medical, Legal, Architecture, etc. Our valuation and valuers will be accepted internationally.  Vision should be five years as the valuation professionals are urgently needed in India for economical development of our country. Development of valuation profession should have been done before 10 to 15 years.



			1
			It should be like the combination of Architect Act & Chartered Accounts' Act.
<u>2</u>	Review of valuation profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?	Model should be followed: Malaysia Valuer's Act and/or New Zealand Valuer"s Act.  Particular feature: Full-fledged Valuation education in degree level conducted by any University or any recognized professional Institution with certain professional practical experience. The minimum education should be degree level valuation. The said Act completely regulated by the Govt. by its Council. There is no two tier system in both the Acts. Those countries are running successfully the Valuer's Act for last several years. Difficulties: Although there is no university conducted any degree level valuation course as on date. If this act will be implemented in the above model several Universities and institutions will come up with valuation course. Royal Institute Chartered Surveyors (R.I.C.S), United Kingdom is the pioneer valuation Institution who dominates the valuation profession internationally from long before. In fact, this Institution is the mother of valuation profession. Fortunately, in 1950 Government of India established "Institution of Surveyors (India)" in Delhi with some British Surveyors following R.I.C.S. model. Still this Institution is working and imparts education on distance education mode. Among other disciplines "Valuation Surveying (Valuation of immovable properties) is one of the disciplines at degree level, recognized by
			Ministry of Human Resource Development



		T	T
			(M.H.R.D.) Govt. of India and the curriculum of Valuation Surveying is recognized by All India council for Technical Education (A.I.C.T.E.). This Institution is the only recognized Institution in India still today at degree level.
			The course / curriculum of valuation
			education are almost same to R.I.C.S.,
			London. There is also a Memorandum of
			understanding (MoU) between the two said
			Institutions. As such, R.I.C.S. model can be adopted of its
			mechanism. There is no difficulty in adopting
			in India.
<u>3</u>	Review of	Which profession can be model	Valuation is a separate discipline of
	Other	for valuation profession in India?	education. Valuation profession is a multi
	Professions in	Which particular feature,	disciplinary education. No other profession is
	the Country	practice, or mechanism can be	matching with this profession. Valuation
		adopted from that profession?	education encompasses in the field of
		Any difficulty in adopting them?	economics, market dynamics, law, statistics,
			accountancy, engineering, principle of valuation, advanced valuation, surveying,
			quantity & estimation, etc.
			So for valuation profession, full time
			valuation education should be that model,
			which will be started after 10+2 level.
			Institution of Surveyors imparts valuation
			education in immovable / real estate
			properties for more than 40 to 45 years
			before at graduate degree level.
			Another Full course in Post Graduate Level
			conducted by Sardar Patel University, Gujarat.
			There is no difficulty in adopting them.
			mere is no uninculty in adopting them.



<u>4</u>	Review of Valuation Profession in the Country	Valuation profession has long history in India. What are the learning / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	Valuation profession has a long history in India, but there was no compulsory education system in our country. Most of the professional in valuation in our country has a poor knowledge in the subject except those who passed the examination of Institution of Surveyors or Post Graduate from S.P. University.  In 2008 an attempt was made for enactment of Valuation Act. Due to improper planning Valuers Act could not come into force. So, nothing can be adopted from that attempt. However, some features, like disciplinary action, guidance for valuers etc can be adopted from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules").
<u>B</u>		MARKET FOR VALUATION PROFESSION	
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organizational valuers? What influences growth of the market? Does the market need to be developed?	Market for valuation services is very big in India. Along with Capital Gain Tax or Company Matters or Loan /Mortgage, there are many segments of valuation profession which are not yet explored due to presence of other acts (like stamp duty act, land acquisition act, municipal act etc). Apart from those, there are many other asset classes of valuation, which are not yet properly developed. The market is very much competitive. But this a unhealthy competition due to lack of proper regulation and unqualified valuers are dominating the market.  Although there are different assets class mentioned under Sec 34AB (Rule 8a), but this is not applicable in the same manner as on



			date , it may be a guide line but need proper reform for categorizations of asset class.  Regarding Market share, by the quantity of valuation work major share hold by the individual valuers but valuation work by the value, the company valuers and individual valuers hold almost similar share of entire valuation market.  It is very much needed to develop the market of valuation including engagers.
			Valuation services at present are very poor what it deserves. Simply it can be said that there is no regulated property market in India. For this reason buyers are taking advantage of this situation over sellers of the properties. Regulated property market is that market where the seller of the property come to the property market, created for such purpose, and registered his property for sale with a view to obtain maximum price in the competitive market. In absence of that regulated market sometimes unwilling property owners are forced to sale their properties at a token price to a buyer who forced him to sale. So it is needed to develop the property market.
<u>6</u>	Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organizational valuer? Should	The size valuation market is very big including tangible and intangible assets both. But the intangible assets valuation almost ruled by financial assets and those are controlled by the CA or Cost Accountant. The volume of tangible assets are huge by quantity and by monetary measures both. But there is no such regulation and bindings of valuation of tangible assets. Existing market of tangible assets is very big and if the Govt. controlled and regularize those untouched market the size will be almost



		policy promote one over the other?	multiples of existing market in next 10 years.
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education?  Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?	There are no University regular courses in valuation for different class of assets at degree level in India. However, full time post graduate degree course in Real Estate & Plants and Machinery is available at Sardar Patel University Vallabh Vidyanagar.  Other is "Institution of Surveyors (India)" a professional institution (HQ in Delhi with 16 branches throughout the country) who imparts education in valuation of real estate/immovable properties in distance education mode at degree level, recognized by MHRD & AICTE. The course / curriculum of valuation education are almost same to R.I.C.S., United Kingdom. Moreover there is also a Memorandum of understanding (MoU) between the two said Institutions.  Apart from this there is no university, college or institution who imparts degree level/under-graduate courses in valuation for any asset class in India.
			Valuation is a completely separate studies like medical or engineering or law. This valuation education should not be a top up educational programme. The entry level should be 10+2 standards like other professional courses. Undergraduate level courses will be started in different universities. Along with the universities, there will be recognized professional institution for conducting the professional valuation courses.  After 10 years those who will be in valuation profession all are completely qualified valuers.  Due to the present norms most of so called valuation professionals are not interested to take valuation education except some



			professionals who felt its necessity and came up for valuation education and qualified themselves in valuation education in our country.
8	Market for Research and Knowledge Management	How big is the size of market?  How the market can be developed? How to incentivize research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	Valuation is required for various purposes. So, it has a high demand in India. Only thing is to educate in valuation curriculum in the field of real estate, plants and machinery, financial assets, mines, agriculture etc to produce high standards of Valuation professionals.  Market imperfection has created due to shortage of qualified valuers having knowledge in the specific disciplines. Moreover more institutions, universities & colleges are required to educate the students with high standards. Introduction of Valuation Standard, regular training program, proper education policy etc will reduce imperfections in valuation profession.  No. There should be separate agency. Examination should be started at under graduate level.  In our country there are proper recognized and internationally accepted courses in Real Estate Valuation since last 60 years and in Plant & Machinery valuation since last 20 years. So very soon we can design the curriculum for Real Estate and Plant & Machinery valuation.  The expert from Institution of Surveyors and S.P. University will be engaged for do the research.
<u>9</u>	Exclusivity	Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be mandatorily be conducted by valuers? How can	No, Valuation service cannot be rendered by any one.  Valuation service should be exclusive domain not only for registered valuation professionals but also qualified valuation professionals.



		competition be promoted if valuation work is reserved for a set of people?	Any kind valuation of tangible asset and intangible asset should be mandatorily conducted by qualified registered valuers.  Every professional practice like medical or engineering or accountancy, architecture or law is reserved for particular set of people who are qualified and in those profession there is good competition. In valuation profession should follow the same manner for reserving the profession for set people who are qualified.  Following categories of valuers should be included in the proposed Council of Valuers:-  (a) Master degree in valuation (2 years regular course) recognized by U.G.C & Govt. of India.  (b) Professional under graduate / degree in real estate / immovable properties valuation conducted by Institution of Surveyors. (As only the valuation course of Institution of Surveyors is recognized by MHRD, AICTE, UPSC etc  (c ) IBBI examination pass out Valuation  Professionals. However, they should be given sufficient opportunity to qualify themselves at list degree level in valuation for those who did not have Such qualification.  (d) R.I.C.S. Members (their membership must have pass out examination, conducted by R.I.C.S. in distance education mode)
<u>C</u>		REGULATORY ARCHITECTURE	
10	Type of Regulation	Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-	Absolutely necessary for a statutory regulation It should be statutory regulation



		regulations?	
11	One Tier Vs. Two Tier Regulation	regulations?  Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators – many secondtier regulators competing with one another, under the oversight of a central first tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	It should be a single central regulator.  There should not be two tier of regulations. It is strongly recommended for single regulatory body under the statute.  To promote the education and promotion of the profession we have to forget about the completion among the professional, as the main objective of our government to work for the development of the society. For the development of the society and the economic condition regulation is necessary without any profit making. In this case if there is competition between the regulator who are the private bodies then the corruption will be more without proper development and all intermediators will be squeezing the valuer members to make profit instead of proper development of the society. No such provision in Govt. Act like C.A. Act, Medical Act, Architects' Act etc. Unhealthy competition should be avoided to achieve high degree of professionalism following valuation ethics and valuation
12	Regulation Vs. Development Vs. Standards	Should work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	Every Valuation Professional shall have to maintain standards, ethics and regulations. Development of the profession should be a continuous process.  Yes, regulation & standards both are complement each other.  The valuation for any purpose should be under the Act and only those valuers can do who will be come under the proposed Act. The act not only imposed to the professional valuers but also to the engagers.



13	Scope of Statutory Legislation	How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?	Statutory regulation without any time limit that should be for perpetuity with time-to-time amendments provision.  It should be the combination of Architact Act and Chartered Accountant's Act. Amendment of Act may be done as and when required. No scope should be given for unqualified valuers for practicing in the field of valuation in order to achieve success.  It should be Central Legislation, which will be effective for entire country.
14	Malleability of Framework.	How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?	Valuation curriculum itself covers all current laws in India. As and when law change or newly enforced that will be included in the curriculum of valuation education.
<u>D</u>		FUNCTIONS OF THE REGULATOR	
15	Role of Each Tier in Regulation / Development of Valuers / Market	In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?	Valuers' Act should be like Architect & Chartered Accountants' Act. Proposal for first tier only. Second tier should be avoided. It may invite legal complicacy, friction of interests, ethics and others.  The Central Council will supervise education and professional development both. If UGC started the valuation educational course then UGC also involved for educational development.  We have to follow the provisions laid down in the other countries like Malaysia, Singapore, New Zealand, those are successfully executed Valuation Professional Act for last several years.
16	Scope and Approaches of Regulation	What areas need regulation? Who - valuers, market for valuation services, valuation	Proposed Council of Valuers and its committee should frame regulations according to need.
		education, valuation research - needs regulation? What are tools of regulation? What is the role of	No second tire provision is accepted.



		f:	
		first tier regulator in regulation?	
		What is the role of second tier	
		regulator in regulation? Should	
		market undertake regulation?	
		What is scope or extent of self	
		regulation? Should first tier	
		regulator and second tier	
		regulators compete with each	
		other in regulation? What should	
		be jurisdiction of the first tier and	
		second tier regulators?	
17	Governance of	Should regulator – first tier and	Private organizations or companies cannot
	Each Tier	second tier - be a statutory body,	be a regulator.
		a for-profit company, a not-for-	There is no such provision in any other
		profit company, an association of	professional regulation Acts prevailing in
		persons, or a society? What	the country.
		should be composition of its	•
		governing body? What should be	
		the extent of stakeholder	
		representation in the governing	
		body? How democratic legitimacy	
		can be imparted to the regulator?	
		What should be net worth and	
		shareholding requirements in	
		case of companies being	
		regulators?	
18	Accountability	How to hold a regulator – first tier	Remarks as in 17.
10	of Each Tier	and second tier - accountable?	Nemarks as III 17.
	Of Eden fiel	What measures can be used to	
		assess performance of regulator	
		in the area of development and in	
		the area of regulation?	
19	Independence	What are the areas the regulator -	Remarks as in 17.
	of Each Tier	first tier and second tier - should	Nemarks as III 17.
	Of Eden fiel	be independent to take decision?	
		What areas it may not have full	
		independence? How much	
		control Government should have	
		over the first-tier regulator and	
		what are the means of such	
		control? How much control first	



		tier should have over the second-	
		tier regulator and what are the	
		means of such control? How to	
		protect the regulator from	
		regulatory capture?	
20	Resources of	What should be the sources of	Remarks as in 17.
	each Tier	funding of regulator -first tier and	
		second tier? How to develop	
		human resources to man	
		regulators? What kind of	
		technological resources does a	
		regulator need. What should be	
		extent of grant from	
		Government? What should be	
		revenue model?	
21	Scope and	What areas of development,	Remarks as in 17.
	Manner of	regulation and standards be	
	Making	governed by subordinate	
	Subordinate	legislation by first-tier regulator?	
	Legislation	What should be the procedure for	
		making subordinate legislation?	
		What should be the instrument	
		for subordinate legislation? Best	
		practices that may be referred to.	
22	Scope and	What should be the extent and	Remarks as in 17.
	Manner of	methodology of making bye laws	
	Making	by the self-regulatory	
	Byelaws	organization in the two tier	
		structure? What areas of	
		development, regulation and	
		standards be governed by bye-	
		laws made by the second tier	
		regulator? How to factor in the	
		interests of society in making	
		subordinate legislations?	
23	Monitoring	Who should monitor and what	Remarks as in 17.
	and	should be the manner of	
	Enforcement	monitoring the conduct of	
		valuation professionals, market	
		for valuation education and	
		market for valuation services?	



		<del> </del>	,
		What should the scope of	
		authority and manner of	
		inspection and investigation?	
		What are specific roles in	
		monitoring and enforcement by	
		each tier of regulator?	
24	Scope and	What should be the mechanism	Remarks as in 17.
	Manner of	for disposal of quasi-judicial	
	Quasi-Judicial	functions at each tier of	
	Functions	regulator? Who should dispose of	
		and the manner of disposal?	
		What are the directions that can	
		be given in disposal of a quasi-	
		judicial matter? What should be	
		the appellate mechanism?	
25	Dealing with	What should be mechanism to	Remarks as in 17.
	Grievances of	handle grievance of valuers?	
	Valuers		
26	Dealing with	How should grievance and	Remarks as in 17.
	Grievances	complaints against valuers be	
	against Valuers	handled by first-tier and second	
		tier regulators?	
E.		VALUATION PROFESSIONALS	This point has been discussed in A – 2.
27	Eligibility to be	Who can be a valuer? What	
	a Valuer :	should be eligibility for an	
	Qualification,	individual to be a valuer? What	
	Experience,	qualification and experience an	Only Degree or its equivalent in Valuation
	Entity	individual should have to be a	Education is eligible under the Act.
		valuer? Should one have a degree	No top up education is accepted.
		in valuation? Should one have	Valuation is not advanced part of engineering
		only top up education in	or architect or management etc. Valuation is
		valuation, after having a degree in	a completely seaparete
		engineering, management,	
		finance etc.? Who should provide	
		education? What should be the	
		eligibility to be an organisational	
		valuer? How many asset classes	
		should be available? Should a	
		minimum and maximum age for	
		practicing of profession be	
		specified?	
		<u>'</u>	



			There should not be any age limit like Chartered Accountants.
28	<u>I</u> ndependence	How to hold a valuer accountable	This would be the function of proposed
	and	for his services? What should be	Council of Valuers' Act and its different
	Accountability	disclosures by him? How to	committees.
	of Valuer	minimise influence of stakeholders on his	
		independence? How should the fees of a valuer be fixed? Should	
29	Code of	fee be regulated?  Is the code of conduct provided	As per Chartered Account's Act.
29	Conduct and	under the Companies (Registered	As per chartered Account's Act.
	Ethics	Valuers and Valuation) Rules,	
	Lines	2017 adequate? How to ensure	
		that the code of conduct is	
		followed? How to monitor this?	
30	Scope and	Should valuation standards be	Valuation Standards to be prescribed by the
	Manner of	prescribed? Who should	proposed Council of Valuers where well
	Making	prescribe such standards? How	qualified in valuation and well experienced
	Valuation	should such standard be	professionals will be there in the proposed
	Standards	developed and reviewed? Should	Valuers' Act. It may be revised from time to
		such development be a	time as and when required.
		continuous process? What should	
		the legislation provide regarding	
		standards? Should regulator have	
		any role in makings standards?	
31	Protection for	How valuers can be protected for	As per Chartered Account's Act.
	Valuers	their bonafide acts? Should	
		protection flow from regulations	
		or statute? What should be the	
		extent of permitted disclaimers?	
		How much immunity should	
22	Domination of	disclaimers provide?	It is the only way that a value a result to
32	Reputation of	How to build and protect reputation of valuers? What	It is the only way that a valuer must be qualified in valuation discipline recognized by
	the profession	factors to be considered to	
		consider a person as 'fit and	the Government at degree or master degree level and have well field experienced.
		proper' for registering a person as	"Fit and proper" clause may be taken as per
		proper for registering a person as	Fit and proper clause may be taken as per



		valuer?	Company's (valuers and Valuation) Rules.
F.		DEVELOPMENT OF PROFESSION	
33	Profession vis- à-vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	Technology can help valuation. However, Technology cannot replace valuation professionals. There is hardly any property which is exactly same to each other. Structure may be similar but its location differs. More over real property cannot be purchased or sold. Its rights are only transferred from one person to other. As such, each property has individual character. So, technology cannot help in assessing valuation of an asset. It requires thorough inspection of every property by properly educated and experienced Valuer.
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include education, continuing professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator in development? Should market undertake development? Should regulator compete with market in education?	It requires development of markets. It includes education, continuing professional education, examination, development of curriculum and study material, etc.  There is no place of first tier, second tier etc. It is the function of proposed "Council of Valuers" and its committee so formed in the proposed Valuers' Act. Principle should be as per the Chartered Accountants' Act.
35	Scope and Approaches for Research	What is the scope of research?  How much of research is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated	Research works are required to be done by well qualified professional valuers. It should be a continuous process on the basis of market study of property. It should be encouraged by the valuation professional Institution or university.



		and encouraged? What is the role of first Page 6 of 6 tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?	Proposal of first tier and second tier are discouraged.
G.		TRANSITIONAL MECHANISM	
36	Phasing: Short / Medium / Long Term	How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?	After formation of Valuers Council in Valuers' Act, all Government recognized Institution and University who presently impart education in valuation to be activated according to the need of the country. Secondly, new Universities to be established according to the need for degree and post graduate degree in valuation in the stream of Real Estate, Plants & Machinery and Financial Asset. In third stage it is to be considered for the valuation professionals for agricultural, gold & gems, mines and other sectors.
37	Grandfatherin g	Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?	No comments.
38	Transitional Arrangement for IBBI	How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	This point has been discussed in point no. B-9.
39	Transitional Arrangement for RVOs	Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?	Council of valuers after formation of "Valuers' Act" will consider the issue. First Tier regulator must be capped. RVOs are private organizations. They cannot be given regulatory power under any Parliament Act like Chartered Accounts Act, Architects Act, and Medical Council Act etc. It contravenes law of the Country. Regulator must be formed by the Council and its committee of the proposed Valuers Act like other Acts. Any Parliament's Act for professionals in India



			doesn't allow the Council of that Act to sub delegate its regulatory power to any private entity.
40	Transitional	Should existing registered valuers	The proposed Council of Valuers may decide
	Arrangement	be automatically be migrated to	this issue.
	for RVs	the new regulatory regime? What	
		should they transition?	



# Suggestions on the Institutional framework for regulation and development of Valuation Professionals

(No. IBBI/PR/2019/28)

30th October, 2019

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1

Sl. Issues for Elaboration of the Issue No. deliberation

A. VALUATION PROFESSION

Vision of What is your vision of the valuation profession, five Valuation years, ten years and twenty years hence? Should it be like the profession of Chartered Accountant, Doctor, Advocate or any other?

### **Suggestion**

Valuation Profession is still evolving and at nascent stage in India.

It's high time for this Profession to be Regulated and Respected.

Ideally, there should be One Valuation Regulator, One Valuation Standards and Common Education for Valuation Practitioners.

It is emphasized that the **need of common education** is more in India than other countries as even though we can prescribe the International Standards to be implemented, but the education and its application guidance would remain the key for its effective implementation. The international standards assume "Competency" and "Expertise" which may not be available with a large number of valuation professionals in India who are doing their small Individual practice.

# 2 Review Valuation Profession Internationally

of Valuation profession of which country / jurisdiction can be a model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that jurisdiction? Any difficulty in adopting them?

### Suggestion

The IVS are applied in about 100 Countries around the globe and this become the preferred standard for adoption subject to necessary carve outs for Indian requirements. The IVS are also complaint with IFRS based on which Ind-AS has been framed, so IVS stands more suitable for framing Indian Valuation Standards.

Some counties like U.S. also have their own Valuation Standards promulgated by NACVA, IBA, AICPA, ASA, and USPAP but it is clarified that each of the valuation standards are more of guiding principles and thus are not materially different from each other.



However it may be noted that the US Valuation Standards are more prescriptive with technical and application guidance than the IVS which are more professional judgement based.

### Research Paper

https://cicbv.ca/wp-content/uploads/2014/09/CICBV-2014-Ian-Campbell-Research-Paper-Lobo-Bottomley-Final-April-15.pdf

### **International Comparison**

https://s3.amazonaws.com/web.nacva.com/TL-Website/PDF/InternationalStandardsChart.pdf

### Comparison within U.S.

https://s3.amazonaws.com/web.nacva.com/TL-Website/PDF/DomesticStandardsChart.pdf

### **Mandatory Performance Framework**

Recently, the Certified in Entity and Intangible Valuations (CEIV) credential was designed to enhance consistency and transparency in the fair value measurement process.

The CEIV credential as to Mandatory Performance Framework addressed one area where gaps in guidance are believed to still exist relates to performance (that is, addressing the "how much to do" question). Various terms have been used to describe this topic, such as "level of rigor," "depth of analysis," "scope of work," "level of due diligence," "extent of documentation," and "extent of investigation."

Currently the American Society of Appraisers (ASA), the American Institute of Certified Public Accountants (AICPA) and the Royal Institution of Chartered Surveyors (RICS) are approved to confer this credential.

#### Source:

https://ceiv-credential.org/mandatory-performanceframework-and-application/

3 **Professions in** the Country

Review of Other Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?



4 Review of Valuation Profession in the Country

of Valuation profession has long history in India. What are the learnings / lessons of such long experience for the statutory framework for valuation profession? What features from the draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?

### Suggestion

The Valuation ecosystem in India has seen fast evolution in the last decade (more specifically since 2007).

We have seen different regulators prescribing valuation requirements for different transaction where purchase/sale of some Assets are involved. Some regulators have prescribed some valuation methodologies whereas others have kept it open to the judgement of valuers. Some have also mentioned use of internationally accepted valuation standards.

This has also led to conflicts wherein different valuation methodologies are also applied to comply with requirement of different regulators, even for the same transaction. This anomaly must be addressed for the ease of business.

The Ind AS got implemented on India since April 2016 requiring Fair Valuations and the Registered Valuer provisions implemented w.e.f. 18<sup>th</sup> October, 2017

The Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") are in right direction and the Valuation Professionals are now mostly settled with its requirements.

The only class of valuers not happy with the Registered Valuer provisions would be the practitioners under erstwhile Wealth Tax domain who are significantly large in numbers and many of those might not have transitioned as Registered Valuers.

The RVO's have strengthened the Profession but all are imparting knowledge and training as per their own understanding. This is not leading to Standardization. There is an exam in the Registered Valuer framework but there is no apprenticeship training because of which aspiring valuers are not able to learn practical aspects of the profession.



The only education as of now is the 50 hours RVO training which is predominantly aimed at cracking the examination. Thus more importance need to be given to Education and Training for Standardization.

The Registered Valuer Rules have already addressed who can become a valuer, eligibility and role of RVO's, Valuation Standards, Contents of Valuation Report, Professional competence, due care and independence of valuer, maintenance of records and regulation of the profession including model code of conduct.

There could be some transitional arrangement for the large number of erstwhile Wealth Tax valuers and also there could be some course for enrolling young students after class 12 (3 years) and also graduates after graduation (1-2 years).

Herein it is mentioned that the existing Registered Valuer Rules have already provided for stringent eligibility conditions for valuation under different classes of assets. The same may be reviewed to address the needs of the Industry.

The expert group constituted the government had recommended the setting up of "Institute of Valuation Professionals" as an independent and autonomous corporate professional body in July 2009 and therafter the Companies Bill has brought in the concept of Registered Valuers in 2011.

Instead of starting afresh, we should take it up from where we are.

One issue which can be addressed in Registered Valuer provisions is that presently in case of a Valuation Entity the Partners/Directors are not allowed to practice in their Individual names. This is restricting their independence and not allowing the collaboration of valuation experts under different asset classes.Larger entities would be in a better position to get access to systems and processes and become more competitive

Another issue is under Rule 8 of Registered Valuer Rules which puts the entire onus on the Valuer outsourcing a part of the work to another valuer. The Valuer who is thus outsourced such work is not accountable at all for any wrong doing which is not correct.



**B**. 5

### **MARKET FOR VALUATION PROFESSION**

Market Valuation Services

for How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?

### **Suggestion**

There is enough business for valuation and market is competitive. Valuation is required for M&A, Sale of Assets/Business, Strategic business decisions and also for Regulatory and Financial reporting. Growing Corporate Governance and Regulatory and Shareholders activism is also leading to independent valuations in India.

However, in terms of business the top 50 firms and about 500 valuers would be doing most of the business.

On the other hand a category of erstwhile wealth tax valuers are doing large no. of bulk valuations for smaller value. They continue to be unregulated under the Registered Valuer Rules as these rules are only applicable to the Companies Act and the IBC.

### 6 Market Valuers

How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? Should policy promote one over the other?

### Suggestion

As Valuation Education, Systems and processes need to be developed in India in order to match with the international benchmarks, Larger valuation firms should be encouraged by collaboration with each other.

It can be made more competitive by allowing collaboration amongst different class of valuers and to allow them in forming larger entities. This however will happen, if the existing restriction of not allowing practice in Individual name is done away with. (Note-There is no such restriction



in Registered Valuer Rules but IBBI is asking for such undertaking before Registration).

As of now, there are 11 Valuation entities but 2482 Individual Valuers and about Thousands of Wealth Tax Valuers.

### 7 Market Valuation Education

for How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? Should education and examination be with one agency? What are the deficiencies in the current model of valuation education in the country?.

### Suggestion

As mentioned before, there is huge scope of education on valuation in India starting with the basic concepts till the expert topics of valuation.

As of now there is no codified valuation education in the country as valuation is multi-disciplinary in nature and thus require knowledge of laws, economy, accounting, industry, valuation theory, valuation standards and practical experience.

Even though there is education and awareness about the areas surrounding the valuation, there is no formal education for core valuations as in the theory and practice.

Even there aren't many good books on valuation in India to be used as reference material by valuation professionals, companies and regulators.

8 Market for Research and Knowledge Management

for How big is the size of market? How the market can be developed? How to incentivise research and knowledge management? How soon the extant knowledge would be redundant? Who does research?

### 9 Exclusivity

Can valuation services be rendered by anyone? Should valuation services be exclusive domain of registered valuation professionals? What valuations should be



mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of people?

### Suggestion

In line with the Registered Valuer Rules, there must be eligibility (mix of qualification and experience) for Valuers.

All Regulators Valuations can be made mandatory by the Registered Valuers.

As eventually, the valuation community would converge to Registered Valuer framework, so the competition would be healthy.

Yes, for this to happen the existing regulations of different regulators need to be amended and transitional framework to be provided for the other category of valuers (CA, CMA, Merchant Banker, Registered Valuer, Wealth Tax Valuer, Engineers etc)

### C. 10 Type of Regulation

### REGULATORY ARCHITECTURE

Does valuation profession require regulations? Should it be statutory regulation or self-regulation or regulated self-regulations?

### Suggestion

Statutory Regulation is good as it gives credibility and respect to the Profession and professionals.

### One Tier Vs. Two Tier Regulation

Should there be a central regulator or many parallel regulators competing with one another? Should there be two tiers of regulators — many second-tier regulators competing with one another, under the oversight of a central first-tier regulator? Should the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?

### Suggestion

Central Regulation is better



## 12 Regulation Development Standards

Vs. Should work relating to regulation, development and Vs. standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What should be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?

### Suggestion

Centralized Regulation and Development may work better

However the exiting framework of RVO's should also be integrated may be in form of committees etc. so that they all can also work together (not individually) for the best results under the monitoring/supervision of the central regulator.

## 13 Scope of Statutory Legislation

How long should be the statutory legislation? What aspects should it cover? How often this should be amended? Should it be principle based or rule based? Should it be an incomplete law, i.e., should the legislation be a skeletal one with substantial dependence on subordinate legislation?

## 14 Malleability Framework.

of How to ensure that the framework remains malleable? How should it cover any emerging new asset class? How should it cover valuations under different laws?

### D.

### FUNCTIONS OF THE REGULATOR

15 Role of Each Tier in Regulation / Development of Valuers / Market In case of two-tier regulatory structure, what should be the role of the first tier in education, development, standard setting, research, valuation services? What should be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to avoid regulatory gaps?



16 Scope and Approaches of Regulation

What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator in regulation? What is the role of second tier regulator in regulation? Should market undertake regulation? What is scope or extent of self-regulation? Should first tier regulator and second tier regulators compete with each other in regulation? What should be jurisdiction of the first tier and second tier regulators?

17 Governance of Each Tier

Should regulator – first tier and second tier - be a statutory body, a for- profit company, a not-for-profit company, an association of persons, or a society? What should be composition of its governing body? What should be the extent of stakeholder representation in the governing body? How democratic legitimacy can be imparted to the regulator? What should be net worth and shareholding requirements in case of companies being regulators?

- 18 Accountability Each Tier
- f How to hold a regulator first tier and second tier accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?
- 19 Independence Each Tier
- of What are the areas the regulator first tier and second tier should be independent to take decision? What areas it may not have full independence? How much control Government should have over the first-tier regulator and what are the means of such control? How much control first tier should have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?
- 20 Resources of each Tier

What should be the sources of funding of regulator -first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What should be extent of grant from Government? What should be revenue model?

21 Scope and Manner of Making Subordinate Legislation

What areas of development, regulation and standards be governed by subordinate legislation by first-tier regulator? What should be the procedure for making subordinate legislation? What should be the instrument for subordinate legislation? Best practices that may be referred to.



22 Scope and Manner of Making Byelaws

What should be the extent and methodology of making bye laws by the self-regulatory organisation in the twotier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?

23 Monitoring and Enforcement

Who should monitor and what should be the manner of monitoring the conduct of valuation professionals, market for valuation education and market for valuation services? What should the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?

24 Scope and Manner of Quasi-Judicial **Functions** 

What should be the mechanism for disposal of quasijudicial functions at each tier of regulator? Who should dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What should be the appellate mechanism?

25 Dealing with Grievances Valuers

What should be mechanism to handle grievance of of valuers?

26 Dealing with Valuers

How should grievance and complaints against valuers be Grievances against handled by first-tier and second tier regulators?

Ε.

### **VALUATION PROFESSIONALS**

27 Eligibility to be a Valuer: **Qualification**, **Experience, Entity** 

Who can be a valuer? What should be eligibility for an individual to be a valuer? What qualification and experience an individual should have to be a valuer? Should one have a degree in valuation? Should one have only top up education in valuation, after having a degree in engineering, management, finance etc.? Who should provide education? What should be the eligibility to be an organisational valuer? How many asset classes should be available? Should a minimum and maximum age for practicing of profession be specified?

Suggestion



The eligibility could be on the line of Registered valuer Rules with only relaxation for partners/directors to be able to practice in their individual name as well.

Like mentioned before, there is no core education in valuation in India so top up education in valuation (significantly more than the existing 50 hours training) works for those having basic degrees in engineering, finance, management etc.

Degree in Valuation is another valuation for development of valuation profession and providing opportunities to Students after class 12. 12 months Apprenticeship could be made mandatory for Degree in Valuation in  $2^{nd}/3^{rd}$  year.

Three Classes of Assets is already working in Registered Valuer Rules. Others could be their sub classes.

Minimum Age could be that for other Professional Degrees say 21. Maximum may not be necessary so long as competency exist.

## 28 Independence and Accountability of Valuer

How to hold a valuer accountable for his services? What should be disclosures by him? How to minimise influence of stakeholders on his independence? How should the fees of a valuer be fixed? Should fee be regulated?

### Suggestion

A valuer should be held accountable for his professional error or omission.

The role of the valuer and management/Resolution Professional needs to be clearly demarcated as a Valuer does the valuation under certain assumptions and limitations based on the data available on the valuation ate.

A valuer only being involved in an engagement for a few days or weeks does not have access to the complete data or what lies behind data including insight of the transaction and reasons thereof best known to the management. His role is to review the data provided to him and apply the suitable valuation methodologies.



A valuer has no role to do Audit or Due Diligence of the Company.

A valuer should not be held responsible for the lack of complete date if he has disclosed the basis of valuation and limitations in his report.

Fees should be best left to be decided by the market like in other professions.

### 29 and Ethics

Code of Conduct Is the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to monitor this?

### Suggestion

Yes, the code of conduct provided under the Companies (Registered Valuers and Valuation) Rules, 2017 is largely adequate

It could be implemented by self- declaration and periodical review by the authority.

### 30 Scope Manner Making Valuation Standards

and Should valuation standards be prescribed? Who should prescribe such standards? How should such standard be developed and reviewed? Should such development be a continuous process? What the legislation provide regarding should standards? Should regulator have any role in makings standards?

### Suggestion

Yes, Valuation Standards are important and also the practical/application guidance.

The existing Registered Valuer Rules has provision of a committee for framing the Valuation Standards.

The standards should be framed after public consultations on the committee report.

#### 31 **Protections** Valuers

How valuers can be protected for their bonafide acts? Should protection flow from regulations or statute? What should be the extent of permitted



## disclaimers? How much immunity should disclaimers provide?

### Suggestion

Refer suggestion in point 28.

Such immunity is needed for transparent and fair valuations as a valuation can always be challenged in a court of law.

The landmark judgement of Miheer H. Mafatlal v Mafatlal Industries ltd. AIR 1997 SC 506 throws light on this aspect wherein it was held that role of a court is not to sit in appeal where the same has not been objected to by majority shareholders.

Disclaimers are used in valuation reports to highlight the general and specific limitations faced in the valuation engagements.

The IVS provide clarity on these points (Para 20.2 of IVS 102) states that Sufficient Evidence must be assembled to ensure that the valuation is properly supported.

Para 10.7 of IVS 105 further requires valuers to perform sufficient analyses to evaluate all inputs and assumptions and their appropriateness for the valuation purpose. If limitations on investigations are so substantial that the valuer cannot sufficiently evaluate the inputs and assumptions, the valuation engagement must not state that it has been performed in compliance with the IVS.

### Para 100.1 of IVS 200

A valuer must assess the reasonableness of information received from management, representatives of management or other experts and evaluate whether it is appropriate to rely on that information for the valuation purpose. For example, prospective financial information provided by management *may* reflect owner-specific synergies that *may* not be appropriate when using a basis of value that requires a *participant* perspective.



Further a lot of interpretations exist in the IVS Asset Standards too which require correct application. Most of the time, the differences in understanding and application of these aspects lead to vide value conclusions.

Specific guidance is required for proper application of IVS 105

- Comparable Transactions Method (Para 30.6, 30.7, 30.8)
- **Guideline Public Traded Comparable** Method (30.12, 30.13, 30.14)
- Discounts for Lack of Marketability (DLOM) [30.17 (a)] -Applicability **Discounts** and **Premiums** Fair Value for on **Transactions** Regulatory needs deliberations
- **Control Premiums [30.17 (b)]**
- Blockage Discounts [30.17 (c)]
- Discounted Cash Flow (DCF) Method (50.2 - 50.31)
- **Cost Approach (60.1 80.8)**
- 32 profession

**Reputation of the** How to build and protect reputation of valuers? What factors to be considered to consider a person as "fit and proper" for registering a person as valuer?

### Suggestion

Registered Valuer Rules and IBBI orders are right in this direction in true spirit

#### F. **DEVELOPMENT OF PROFESSION**

33 Profession vis-a-How is vis Technology

technology influencing valuation profession? What technology and how can such technology be used in markets for valuation



services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?

### Suggestion

Technology can only be enabler in Valuation Profession though computations can be done using Technology, however the judgement of the valuer in review and value conclusion would always hold importance.

34 Scope and Approaches of Development

What is the scope of development? To what extent it includes lobbying? Does it include advocacy? Does it include development of markets? Does it include continuing education, professional education, examination, development of curriculum and study material, etc? How can regulation facilitate development? What is the role of first tier regulator in development? What is the role of second tier regulator development? Should market undertake development? Should regulator compete with market in education?

35 Scope and approaches for Research

Term

Medium / Long

and What is the scope of research? How much of research for is necessary for sustenance of valuation profession? Will market undertake research on its own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? Should regulator compete with market in research?

G. 36 Phasing: Short /

### TRANSITIONAL MECHANISM

How should the roll out of the new regulatory framework be phased? What should be done immediately, what should follow and what should be done in long run?

### **Suggestion**

Registered Valuers should be retained

Those not yet transitioned to Registered Valuers to go through training and exam requirements considering their valuation experience.



### 37 **Grandfathering**

Is there any need for grand fathering? Who can be grand fathered? What should be the process of grand fathering?

### Suggestion

Same as pt. 36

# 38 Transitional Arrangement for IBBI

How long it should take for the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?

# 39 Transitional Arrangement for RVOs

Should existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time should existing RVOs be provided to comply with the new norms. Should the number of second tier regulators be capped?

# 40 Transitional Arrangement for RVs

Should existing registered valuers be automatically be migrated to the new regulatory regime? What should they transition?

### Suggestion

Yes existing registered valuers should be automatically migrated to the new regulatory regime for their respective class of assets.



## CII Views - MCA Committee for examining institutional framework to regulate Valuation Professionals

MCA vide its office order dated 30/08/2019 constitutes an 8-member expert committee chaired by Dr. M.S. Sahoo (Chairman, IBBI) to examine the need for an institutional framework for regulation and development of valuation professionals ('VPs').

The committee shall scrutinize the regulatory architecture for VPs, including the extent of self-regulation and statutory regulation along with the governance structure of regulatory institutions; Refers the committee to consider – (i) a disciplinary mechanism to monitor the conduct and performance of valuers, and (ii) a mechanism for development of a cadre of valuers (including current practitioners and freshers). The terms of reference for the committee further include deliberation upon valuation standards, provision of valuation services and transitional arrangement for registered valuers and registered valuer organizations. We thanks MCA for its initiative for strengthening the Valuation Ecosystem in India and will put forward Industry submission/suggestions on pertinent issues as required by MCA

S. No	Issue for deliberation	Elaboration of the Issue	Comments
1	Vision of Valuation	What is your vision of the	Valuations are needed by various sections of the Society, like
	Profession	valuation profession, five	companies, shareholders, auditors/accountants, fund

**1** | Page

years, ten years and twenty years hence? May it be like the profession of Chartered

Accountant, Doctor, Advocate or any other?

managers/analysts, banks, tax authorities, regulators like RBI and courts/NCLT.

Given the wide use of valuations, the vision for the profession is

- Producing high quality valuations that can be relied upon by all the stakeholders
- Ensuring independence of valuation professionals
- Improving India Inc.'s standing in Transparency and in Ease of Doing Business
- Profession may be able to draw in high quality talent, including ensuring diversity of talent from different fields
- Making India center of excellence for new research in valuation

When comparing valuation to other professions like C.A., Doctors, Advocates, it is important to understand a few differences

 Valuation is not a stand-alone profession, unlike advocates, doctors etc. Various kinds of valuations can be considered as part of those specific fields e.g. a valuation performed for recording fair value in accounting standards overlaps with accounting industry; on the other hand, a valuation performed for calculation of damages in a claim in

**2** | Page

- arbitration overlaps with legal industry. The valuation for physical assets like plant & machinery is a completely different segment. While there are basic common principles, the diverse fields cannot be clubbed as a single rigid profession

   The body of knowledge for law or accountancy or medical is complete in itself. However, valuation, depending upon where it is used, has to draw upon the body of knowledge of other fields e.g. a tax valuation cannot be carried upon without a good understanding of tax laws, a machinery valuation would require a good engineering knowledge, a
  - Valuation is not an exact science, unlike medical profession or law. Valuation involves far more subjectivity by very nature of it. It also relies relatively more on uncertain forward-looking information vis-à-vis other professionals whose occupation would largely be reviewing/advising basis past information.

valuation for a transaction in a listed company may require

knowledge of securities law etc.

- The number of doctors, chartered accountants and cost accountants in India could be around 8 lakhs, 2 lakhs and 1 lakh respectively. As against that, the number of registered valuers in India are only about 2600. It is a very small field.
- Even within this small number, there will be very few who are exclusively undertaking valuations only for a living.

**3** | Page

	Review of Valuation		Therefore, in the zeal to regulate, it is important that the regulators do not end up stifling the flexibility and inclusiveness required for the profession to achieve its objective.
2	Profession Internationally	Valuation profession of which country / jurisdiction can be a model for valuation profession in India?  Which particular feature, practice, or mechanism can be adopted from that  It is noted that no developed country is regulating the v profession in the way that India is trying to do. This is of fact that valuation profession is much larger in these consists is worth reflecting why other countries have chosen not centrally regulate this profession.  Indian framework may be developed based on the folloprinciples:	
		jurisdiction? Any difficulty in adopting them?	<ul> <li>▶ May not lead to over-regulation</li> <li>▶ In India, the government (through the recent valuation regulations) is regulating all aspects of the profession – like, who can be a valuer, how valuation firms can be structured etc.</li> <li>▶ India is the only country following this route</li> <li>▶ In a dynamic and evolving profession, this may be counter-productive.</li> <li>▶ Encourages improvement of standards and globalisation</li> <li>▶ Encourage SROs/RVOs to strengthen standards to improve the profession</li> <li>▶ Encourage integration with global standards. This</li> </ul>

			will help to create Valuation KPOs serving the global market.  ▶ Do not micro-manage valuation firm structures  ▶ Do not insist on 'valuer only' firms. This will impact quality for various valuations.  ▶ Encourage valuers to form collaborations with different professionals. Make the field dynamic and inclusive
3	Review of Other Professions in the Country	Which profession can be model for valuation profession in India? Which particular feature, practice, or mechanism can be adopted from that profession? Any difficulty in adopting them?	Pl refer point No 1.
4	Review of Valuation	Valuation profession has	Valuation profession has a long history. In this period, various
	Profession in the	long history in India.	regulators have regulated valuations that form their domain e.g.
	Country	What are the learnings /	SEBI has regulated valuations which are used for mergers
		lessons of such long experience for the	involving listed companies. Courts have also pronounced judgements on valuations.
		statutory framework for valuation profession? What features from the	The Companies Act and the Valuation Rules helped put a base set of qualifications and a body of knowledge for the profession.

		draft Valuations Professionals Bill, 2008 can be adopted? What features from the Companies (Registered Valuers and Valuation) Rules, 2017 ("the Rules") can be adopted? Experience with the Rules so far. What has worked well? What has not worked well?	It also set forth a model code of conduct.  The dual basis of regulation, whereby only principles, knowledge, standards, codes or conduct and qualifications are centrally regulated, while the specific valuation situations are regulated by the specific regulators, is the most workable model which balances setting common standards and improving quality with the need to provide flexibility for different types of valuation requirements.  However, it is critical to note that only about a dozen firms have got registered under the aforesaid rules, which itself indicates that the regulations in respect of ownership of firms are considered to be too stringent and not inclusive.
	Market for Val	uation Profession	
5	Market for Valuation Services	How big is market for valuation services? Is the market competitive? How can it be made more competitive? What are market imperfections? Who controls price? What are the market segments in terms of asset classes, users or any other? What	The market for valuation services is highly fragmented and also considering there is no platform which collates data for practicing valuers, is very difficult to estimate its size. As mentioned earlier, the number of valuation professionals seems to be a fraction of other professionals. Further, not all valuers registered with IBBI would be active in the profession and most of them would pursue other vocations (apart from providing valuation services). The overall market from a service fee perspective would be less than Rs. 1000 crores – the split between individual and organizational valuers is not known.

are market shares of individual valuers and organisational valuers? What influences growth of the market? Does the market need to be developed?

This is extremely small compared to the market for Doctors, Advocates, Chartered Accountants etc.

The market for valuation is highly competitive. This can be evidenced from the fact that no single firm would have even 10% market share of the overall market. Besides, the players in different segments of the market are very different.

The market can be kept competitive, by ensuring that the entry of new players into the market is not hampered by collusion among valuers, or by regulation.

No one controls the pricing for valuations, it is dependent upon market forces. The client typically evaluates the technical capabilities of the valuer, the purpose & complexities of valuation, the time it would take to undertake the engagement, before agreeing on price with the valuer based on mutual negotiations. Asset class covered under valuations are financial securities, tangible assets intangible assets etc.

The growth of the market is dependent upon macro factors such as GDP growth, regulatory changes (eg. tax, RBI, SEBI, Companies Act), M&A + Private equity/venture capital activities, international investors' confidence in Indian economy including their view on ease of doing business, and overall improvement in financial reporting/corporate governance standards.

**7** | Page

		Every market in every profession. However, there are no major con	-
6 Market for Valuers	How big is the market for valuers? What is the market potential over next 10 years? Is the market competitive? How can it be made more competitive? What are the market segments in terms of asset classes, users or any other? Does the market need to be developed? What are relative merits and demerits of individual valuer and organisational valuer? May policy promote one over the other?	Refer our response to the point N The relative merits and demerits valuers are as follows:  Merits of organization valuers  - Can pull together subject matter experts (SMEs) from various fields – accounting, tax, sector experts, etc – as and when required  - Completion of time bound mandates (eg. undertaken by listed companies for every quarterly financial reporting)  - Can take up large mandates which would be physically challenging for	

individual valuers (eg.  Large cross border  mandates or those that require multiple factory site visits)  - Have access to required databases/ proprietary research to perform valuation  Demerits of organization	Demerits of individual
Demerits of organization valuers	Demerits of individual valuers  - Clients may need to hire multiple advisors with different skill
	sets or insist/allow sub-contracting arrangements for dealing with various class of assets
	- Lack of access to databases / adequate research resources required to carry out

			The role of regulation may be only as there is competition and availad organizational valuers, the clients the valuers that suit them. As long is development of the profession, operations of the free competitive valuations currently.	bility of both individual and s and the market would choose g as the objective of the policy it may not interfere in the
7	Market for Valuation Education	How big is market for education? What is market potential over the next 10 years? Is the market competitive? Who are market players? What are market imperfections? Which model of education – legal, medical, accountancy or any other - is suitable for valuation education? May education and examination be with one agency? What are the	No comments.	

		deficiencies in the current model of valuation education in the country?	
8	Market for Research and Knowledge Management	How big is the size of market? How the market can be developed? How to incentivize research and knowledge management? How soon the extant knowledge would be redundant? Who does research?	No comments.
9	Exclusivity	Can valuation services be rendered by anyone? May valuation services be exclusive domain of registered valuation professionals? What valuations may be mandatorily be conducted by valuers? How can competition be promoted if valuation work is reserved for a set of	In India currently, various regulators specify who can be a valuer for specific valuations; this leads to compartmentalisation and fragmentation. However, it allows regulator to regulate specific valuations.  In our opinion, the role of regulation may be to ensure that the person conducting the valuation has a basic knowledge and understanding. Beyond this specific point, there may not be any reservation of valuation for a specific set of professional organisation etc. as it would impact inclusiveness and competitiveness. As an example, if a valuation is for tax purposes, and the regulations somehow create barriers for valuation and tax professionals to join together, it would be

		people?	negatively impacting quality and competitiveness. In our opinion, as long as the valuation regulations have ensured that the individual signing the valuations is competent, it does not matter whether that individual is acting on his own, or is a part of specialized valuation firm, or is a part of general firm providing various other consultancies.  Considering the above, while the valuation profession framework may provide for basic qualification criteria and training requirements for someone to qualify to carry out valuations, it may also encourage collaborating with various experts (e.g. technical, tax, accounting, commercial) to perform quality valuation rather than restricting these experts to contribute to valuations. Please see the file attached explaining this point in detail.
Regulate	ory Architecture		<u>I</u>
10	Type of Regulation	Does valuation profession require regulations? May it be statutory regulation or self-regulation or regulated self-regulations?	Yes, there may be a regulatory framework in place which ensures that:  The valuation profession develops in an inclusive manner, involving varied kind of talent that is required to perform valuations  Independence and integrity of valuer  High quality standards/transparency in valuation  Anyone doing valuation is made responsible for the

			<ul> <li>valuation done</li> <li>▶ Adaptability to account for changing dynamics</li> <li>However, the framework may not be over regulating as explained in point Nos. 2, 4 and 9 above.</li> <li>It may be kept in mind that there are already review mechanism in place on work done by valuers. For example,</li> <li>- valuation done for tax purposes get challenged during assessment proceedings;</li> <li>- valuation done for foreign exchange regulations are reviewed by RBI during inspection of authorized dealers,</li> <li>- clarifications are sought on valuation done for listed company by of SEBI/stock exchanges.</li> </ul>
11	One Tier vs Two Tier Regulation	May there be a central regulator or many parallel regulators competing with one another? May there be two tiers of regulators – many second tier regulators competing with one another, under the oversight of a central	Considering that valuations are intrinsic to various fields, parallel regulators cannot be avoidable. E.g. how can SEBI not be permitted to regulate valuations which involve merger of listed companies. Similarly, how can RBI not regulate valuations which are used for valuing collaterals for loans.  We do not have any comments on one tier vs. two tier regulators.

		first-tier regulator? May the Valuation profession be regulated by one-tier regulator as for Advocates or two-tier regulators as in insolvency profession?	
12	Regulation vs Development vs Standard	May work relating to regulation, development and standards relating valuation profession be housed together? Do regulation and development complete or complement each other? Do regulations and standards compete or complement each other? What may be the scope of regulation and development in terms of markets for valuers, valuation services, valuation education and valuation research?	Yes, the work relating to regulation, development and standards may be housed together as all these aspects are complementary in nature.

13	Scope of Statutory	How long may be the	Refer point Nos. 1 and 4 above. Standards may be based on
	Legislation	statutory legislation?	principles only and be amended on real-time basis as needed
		What aspects may it	rather than at specific time interval.
		cover? How often this	
		may be amended? May it	
		be principle based or rule	
		based? May it be an	
		incomplete law, i.e., may	
		the legislation be a	
		skeletal one with	
		substantial dependence on	
		subordinate legislation?	
1.4	M-111-11	How to ensure that the	NT
14	Malleability of Framework	framework remains	No comments.
	rramework		
		malleable? How may it cover any emerging new	
		asset class? How may it	
		cover valuations under	
		different laws?	
		uniferent laws:	
	Functions of the Regula	ntor	
15	Role of Each Tier in	In case of two-tier	No comments.
	Regulation/Develoment	regulatory structure, what	
	of Valuers/Market	may be the role of the	
		first tier in education,	

		development, standard setting, research, valuation services? What may be the role of the second tier in education, development, standard setting, research, valuation services? How each such function can be neatly segregated between two tiers? Or some overlap is desirable? What are the good areas for overlap and the extent of such overlap? How to	
16	Scope and Approaches of Regulation	avoid regulatory gaps?  What areas need regulation? Who - valuers, market for valuation services, valuation education, valuation research - needs regulation? What are tools of regulation? What is the role of first tier regulator	Refer point Nos. 4 & 11.

		in regulation? What is the	
		role of second tier	
		regulator in regulation?	
		May market undertake	
		regulation? What is scope	
		or extent of self-	
		regulation? May first tier	
		regulator and second tier	
		regulators compete with	
		each other in regulation?	
		What may be jurisdiction	
		of the first tier and second	
		tier regulators?	
17	Governance of Each	May regulator – first tier	No comments.
	Tier	and second tier - be a	
		statutory body, a forprofit	
		company, a not-for-profit	
		company, an association	
		of persons, or a society?	
		What may be composition	
		of its governing body?	
		What may be the extent of	
		stakeholder representation	
		in the governing body? How democratic	
1			

		legitimacy can be imparted to the regulator? What may be net worth and shareholding requirements in case of companies being regulators?	
18	Accountability of Each Tier	How to hold a regulator – first tier and second tier - accountable? What measures can be used to assess performance of regulator in the area of development and in the area of regulation?	No comments.
19	Independence of Each Tier	What are the areas the regulator - first tier and second tier - may be independent to take decision? What areas it may not have full independence? How much control Government may have over the firsttier regulator and what are the	No comments.

		governed by subordinate	
21	Scope and Manner of Making Subordinate Legislation	What areas of development, regulation and standards be	No comments.
21	Sagna and Mannar of	of funding of regulator - first tier and second tier? How to develop human resources to man regulators? What kind of technological resources does a regulator need. What may be extent of grant from Government? What may be revenue model?	Na comments
20	Resources of Each Tier	means of such control? How much control first tiermay have over the second-tier regulator and what are the means of such control? How to protect the regulator from regulatory capture?  What may be the sources	No comments.

		regulator? What may be the procedure for making subordinate legislation? What may be the instrument for subordinate legislation? Best practices that may be referred to.	
22	Scope and Manner of Making Byelaws	What may be the extent and methodology of making bye laws by the self-regulatory organisation in the two-tier structure? What areas of development, regulation and standards be governed by bye-laws made by the second-tier regulator? How to factor in the interests of society in making subordinate legislations?	No comments.
23	Monitoring and Enforcement	Who may monitor and what may be the manner of monitoring the conduct	No comments.

		of valuation professionals, market for valuation education and market for valuation services? What may the scope of authority and manner of inspection and investigation? What are specific roles in monitoring and enforcement by each tier of regulator?	
24	Scope and Manner of Quasi-Judicial Functions	What may be the mechanism for disposal of quasi-judicial functions at each tier of regulator? Who may dispose of and the manner of disposal? What are the directions that can be given in disposal of a quasi-judicial matter? What may be the appellate mechanism?	No comments.

25	Dealing with	What may be mechanism	Valuers deal with forward looking information. Frankly a
	Grievances of Valuers	to handle grievance of	mechanism for grievances of valuers may not be required as long
		valuers?	as the mechanism of grievances against valuers is not unjust to
			valuers. The objective of grievance mechanism may with an
			objective of being fair to everyone. Just like Doctors are
			protected from families of patients for services provided on best
			effort basis, there may be a mechanism for not reprimanding
			judgments made by Valuer in good faith (without resorting to
			application of benefit of hindsight).
26	Dealing with	How may grievance and	No comments.
	Grievances against	complaints against	
	Valuers	valuers be handled by	
		firsttier and second tier	
		regulators?	
	Va	luation Professional	
27	Eligibility to be a	Who can be a valuer?	Qualification for Individual Valuer
	Valuer; Qualification,	What may be eligibility	
	Experience, Entity	for an individual to be a	For Financial Securities Assets
		valuer? What	Valuers who have already cleared the IBBI exam.
		qualification and	
		experience an individual	Individuals who are practicing valuation on their own or as a part
		may have to be a valuer?	of any organization may be allowed to register in their individual
		May one have a degree in	capacity as "Valuers in practice", provided they meet certain
		valuation? May one have	minimal qualification and experience requirements. The

only top up education in valuation, after having a degree in engineering, management, finance etc.? Who may provide education? What may be the eligibility to be an organisational valuer? How many asset classes may be available? May a minimum and maximum age for practicing of profession be specified? 28 Independence and Accountability of Valuer How to hold a valuer account

qualification requirement for this one time registration as "Valuers in practice" shall be a Post Graduate in Accountancy or Financial Management or its equivalent including Chartered Accountancy, Cost Accountancy, Company Secretary, or Post Graduate Diploma in Financial Management, or other similar courses. The one time window for registration of "Valuers" in practice shall apply to those persons who have the relevant qualification as on a specified date. A minimal experience requirement in the area of valuation for registration as "Valuers in practice" could also be prescribed.

Post cut-off date MCA could introduce the syllabus for examinations to be carried out under the supervision of the Central Government, for three subjects namely a) Theory of valuation – valuation of business enterprise and shares b) Practice and procedure of valuation; and c) Ethics.

# For Plant & Machinery

In addition to qualifications given in IBBI's Registered Valuer rules, as also considered by IBA (Indian Banking Association) in its handbook/policy, membership of global professional valuation organisations like American Society of Appraisers (ASA), USA and RICS (Royal Institution of Chartered Surveyors) in machinery category can also be given direct membership and entry as Registered Valuers as such valuers are globally certified after undergoing rigorous selection criteria

**23** | Page

# For Real Estate

Real estate valuations are very similar to Financial Securities Asset valuation as they essentially require commercial acumen and a lot of them are cash flow based or based on market comparison method. Hence qualification criteria may be same as Financial Securities Asset valuation qualification criteria.

In addition to the above and qualification criteria specified in IBBI's Registered Valuer rules with respect to real estate valuation, it may also include other graduates and engineering degree holders who have a post graduate degree/masters in valuation of real estate from a recognised university covering both full time and part time.

Further, as considered by IBA in its handbook/ policy, membership of global professional valuation organisations like ASA, RICS in real estate category can also be given direct membership and entry as Registered Valuers as such valuers are globally certified after undergoing rigorous selection criteria.

# Qualification for organizational valuer:

Any organization that provides valuation advisory, financial advisory, accounting advisory/services, Merchant Banking services etc. may be allowed to do valuation as long as they have certain minimum number of partners/directors who have qualified as Valuers in Practice and have adequate number of qualified employees.

**24** | Page

28	Independence and Accountability of Valuer	How to hold a valuer accountable for his services? What may be disclosures by him? How to minimize influence of stakeholders on his independence? How may the fees of a valuer be fixed? May fee be regulated?	There may not be any restriction on legal or ownership structure of the organization performing valuation or other restrictions like all the partner/directors may be eligible to qualify as Valuer in Practice etc.  Valuation report may be signed by the individual and that will make him accountable for work he has done. As long as the regulations provide for penal consequences to the valuer adequate in degree to the wrong carried out by her/him, and as long as this punishment is administered after applying principles of natural justice, transparently and without bias, it would act as a substantial deterrent/basis for being accountable.  Fee may to be freely determined between the valuer and client like in any other profession. As long as the profession is competitive, there is no need to regulate the fee. Therefore,
29	Code of Conduct and Ethics	Is the code of conduct provided under the Companies (Registered	regulation may focus on fostering competition.  No comments.
		Valuers and Valuation) Rules, 2017 adequate? How to ensure that the code of conduct is followed? How to	

		monitor this?	
30	Scope and Manner of Making Valuation Standards	May valuation standards be prescribed? Who may prescribe such standards? How may such standard be developed and reviewed? May such development be a continuous process? What may the legislation provide regarding standards? May regulator have any role in makings standards?	No comments.
31	Protection for Valuers	How valuers can be protected for their bonafide acts? May protection flow from regulations or statute? What may be the extent of permitted disclaimers? How much immunity may disclaimers provide?	No comments.

32	Reputation of the profession	How to build and protect reputation of valuers? What factors to be considered to consider a person as "fit and proper" for registering a person as valuer?	Explanation of fit and proper as provided in Companies (Registered Valuers and Valuation) Rules 2017 seems reasonable.
	<b>Development of Profess</b>	sion	
33	Profession vis-à-vis Technology	How is technology influencing valuation profession? What technology and how can such technology be used in markets for valuation services, valuers, valuation education and valuation research? Will technology / machines replace valuation professionals in course of time?	No comments.
34	Scope and Approaches of Development	What is the scope of development? To what extent it includes	No comments.

		lobbying? Does it include	
		advocacy? Does it include	
		development of markets?	
		Does it include education,	
		continuing professional	
		education, examination,	
		development of	
		curriculum and study	
		material, etc? How can	
		regulation facilitate	
		development? What is the	
		role of first tier regulator	
		in development? What is	
		the role of second tier	
		regulator in development?	
		May market undertake	
		development? May	
		regulator compete with	
		market in education?	
35	Scope and Approaches	What is the scope of	No comments.
	for Research	research? How much of	
		research is necessary for	
		sustenance of valuation	
		profession? Will market	
		undertake research on its	
	1	1	

38	Transitional	How long it may take for	No comments.
37	Grandfathering	Is there any need for grand fathering? Who can be grand fathered? What may be the process of grand fathering?	No comments.
	Short/Medium/Long Term	the new regulatory framework be phased? What may be done immediately, what may follow and what may be done in long run?	
36	Phasing:	How may the roll out of	No comments.
		own? How research can be facilitated and encouraged? What is the role of first tier regulator in research? What is the role of second tier regulator in research? May regulator compete with market in research?	

	Arrangement for IBBI	the first-tier regulator to come up and take over the task from IBBI? How the work would be transitioned to the regulator?	
39	Transitional Arrangement for RVOs	May existing RVOs be automatically transition to as second tier regulator? In what time frame? In case fresh eligibility norms are stipulated for second tier regulators, how much time may existing RVOs be provided to comply with the new norms. May the number of second tier regulators be capped?	No comments.
40	Transitional Arrangement for RVs	May existing registered valuers be automatically be migrated to the new regulatory regime? What may they transition?	Yes

\*\*\*\*\*\*

**31 |** Page



A summary of our disciplinary outcomes

2019



# Type of Breaches and *disciplinary* sanctions imposed by RICS in respect of valuers

**1 Breach** - Unethical behaviour / dishonesty:

Sanctions - Expulsion from the profession (or reprimand and fines for less serious cases)

2 Breach - Serious incompetence: (repeated or serious failure to meet RICS expectations of professional expertise)

**Sanctions -** removal of valuation licence or conditions placed on continued practice. Reprimands could also be used here in conjunction with conditions.

3 Breach - General poor level of compliance with RICS standards: (but not dishonesty or serious incompetence)

**Sanction**- Consent order usually linked to retraining and an expedited future review of compliance. Serious or repeated cases of compliance failure is treated as an incompetence case.

4 Breach - CPD (Continue Professional Development) Non Compliance: (Mandatory to attend 20 hours development programme)

Sanction - First breach - Caution

Sanction - Second Breach - Caution and Fine



# Sanctions imposed \*

During the 2018-19 financial year, globally RICS issued the following disciplinary sanctions to regulated individuals and firms, through an independent process:

Disciplinary Sanctions issued	Number
Reprimand	22
Expulsion /Removal	57
Conditions	20
Undertaking	1
Fine	19
Consent order / Regulatory Compliance Order	33
Fixed Penalty (non-CPD related)	17
Fixed Penalty (CPD non-compliance)	
Caution – 1207	1551
Caution/ Fine - 344	1001

Disciplinary outcomes are published in accordance with our regulatory rules <a href="https://www.rics.org/uk/upholding-professional-standards/regulation/how-we-regulate/disciplinary-process/panel-hearings/">https://www.rics.org/uk/upholding-professional-standards/regulation/how-we-regulate/disciplinary-process/panel-hearings/</a>

# Sanctioning powers

The different sanctions that RICS has the power to issue are explained below:

<u>Expulsion/Firm De-Registration-</u> A Panel may decide to expel a member or withdraw a Firm's registration as a result of severe or repeated breaches of RICS rules and regulations.

Reprimand - A Reprimand is issued where there has been a risk of harm to the public caused by the regulated member's breach of the rules.

<u>Fixed Penalty - A fixed penalty is a caution and/or a fine payable by the member or firm (regulated member) for a breach of the rules.</u>

<u>Consent Order /Regulatory Compliance Order - A consent order is a written agreement between RICS and the regulated member, requiring them to take, or refrain from taking, certain actions within a specified period. In some cases, it requires the regulated member to pay a fine or other costs.</u>

<u>Conditions</u> - Conditions must be specific, measurable, achievable, realistic and time bound requirements, set against a firm or individual. If a Panel imposes conditions, it also states whether a breach of these conditions by the regulated member will lead to automatic expulsion or removal, or whether further disciplinary action is appropriate.

<u>Fines-</u>A Disciplinary panel may impose a financial penalty upon a regulated member as a sanction for breaching the rules. The member/firm is liable to pay the set amount within a specific timeframe to avoid further sanctions.

<u>Undertaking - Undertakings</u> are statements of compliance imposed by a disciplinary panel on the regulated member.

<u>Caution -</u> A caution is a warning given in circumstances where the breach is minor and is unlikely to be repeated. A caution remains on an individual member or member firm's record for 10 years



# confidence Rics Reassurance Status

# Thank you!

# Contact us:

**Gurvinder Raina** – Regulation Officer, South Asia graina@rics.org

Leadersnip.

November 14, 2019

Mr M S Sahoo Chairman IBBI; and Chairman, Committee of Expert (CoE) Insolvency and Bankruptcy Board of India Mayur Bhawan New Delhi

# Sub: Submission to Committee of Experts as requested in Meeting dated Oct 24, 2019

### Dear Sir

- Thank you for inviting me to be a part of the Committee of Expert (CoE) constituted to examine the institutional framework for regulation and development of the valuation profession. I apologize for being unable to join physically and thank you for allowing me to join via Video Conference.
- 2. I have received the minutes of the meeting. Under point no. 11 (e), I (along with Mr Nitin Kapoor of RICS) have been requested to provide a report on the global best practices in relation to registration of companies as valuers.
- Accordingly, I have discussed this topic at length with various stakeholders and am happy to submit my findings in this brief letter report.
- 4. International Valuation Standards Council ("IVSC") is a not-for-profit organization that acts as the global standard setter for the valuation profession, serving the public interest. As a result, IVSC has visibility into the regulatory framework for the valuation profession in various jurisdictions across the world. Also, as a non-profit organization committed to public interest, I think the IVSC will provide an unbiased opinion. Therefore, as a first step, I checked with the IVSC.
- 5. According to IVSC, they have never come across the concept where a valuation firm/ company cannot be a subsidiary or an associate. According to them, if the objective of the regulation is to (a) hold individuals accountable and (b) claim compensation in case of negligence or willful misconduct, both these objectives are equally well or better served without this requirement/ restriction.

- 6. I agree with IVSC's view because I believe that such restrictions on ownership structures mean that registered valuers will either be individuals or small partnerships. Such organizations do not have the wherewithal that large corporations have to provide training to their resources and make available databases that are absolutely necessary for carrying out a reliable valuation in today's complex environment.
- 7. Additionally, the Registered Valuer Rules under the Companies Act require the individuals to qualify as a 'Registered Valuer' by having specified educational qualifications, minimum industry experience, clearing valuation exam and becoming a member of Registered Valuer Organization, amongst other requirements. This would ensure that only qualified individual directors/ partners can sign as a Registered Valuer on behalf of the company and will be regulated by the valuation regulator either directly or through their RVO. Hence, it may not matter whether the Registered Valuers are directors/ partners in a standalone company/ firm or a subsidiary company.
- 8. Further, in a situation where a claim needs to be brought against an erring valuer, an individual or small partnership will not have the financial resources to honor such a claim. On the other hand, large professional organizations which are organized as corporations have significant balance sheets and insurance covers that enable them to provide compensation to aggrieved parties. Of course, such circumstances are rare because such professional organizations are extremely careful about protecting their reputation and have checks and balances in place to ensure that mistakes/ slip-ups do not happen in the first place.
- 9. I also checked with the Royal Institution of Chartered Surveyors (RICS), which is a global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure. RICS works at a cross-governmental level, delivering a single, international standard to support a safe and vibrant marketplace. RICS headquarters is in London and it has regional offices in the United Kingdom, Europe, China, Hong Kong, Singapore, India, Australia, the Middle East, Sub-Saharan Africa, North America and Brazil. In 2018, there were over 100,000 RICS-qualified professionals in nearly 150 countries across the world.
- 10. According to RICS, they have a robust global programme for accreditation and registration of valuers. Valuer Registration

339 Page 2 of 4

- ensures that RICS members always meet the highest valuation standards, thereby offering protection and confidence both to valuers and to their clients. RICS registers both individuals and entities under this programme.
- 11. For registering entities, RICS does not place any restrictions on the ownership structure of the entities. It accepts partnerships as well as companies (including subsidiaries) for registration.
- 12. My own organization, Duff & Phelps, is a case in point. Arguably the largest valuation firm in the world, Duff & Phelps operates throughout the world (including in the world's most developed economies with the most business friendly environments like the US, the UK, Canada, Germany, France, Singapore, Japan, Hong Kong, etc.) through private limited companies that are 100% owned subsidiaries of the parent firm.
- 13. Specialized valuation firms like Duff & Phelps and a number of international property consultants (IPCs) like JLL, CBRE, Cushman & Wakefield, etc. have been operating as subsidiaries of their global parents for several decades in India and have been serving the Indian corporates and general public with distinction. Valuation reports of these firms are relied upon by international investors and these investors make investments worth hundreds of millions of dollars in India every year by placing reliance on the valuation reports and opinions provided by such globally recognized valuation firms. The global headquarters of these firms work with international regulators and standard setting bodies like SEC, AICPA, IVSC, FASB, RICS, etc. to help in improving valuation methodologies and making them more accurate and reliable. As subsidiaries of globally renowned valuation/ professional services firms, these organizations have been bringing international best practices to India and have made significant contribution to improving the professionalism, reliability and overall profile of the valuation profession in India.
- 14. Currently, SEBI registered merchant bankers are allowed/ licensed to carry out valuations for various requirements under FEMA regulations, SEBI rules, Income Tax Act and also to provide fairness opinions in case of M&A transactions. Further, SEBI allows 100% subsidiaries (including subsidiaries of foreign companies) to be registered as merchant bankers. The RBI also allows 100% foreign investment in companies providing valuation and similar services ("other financial services").

340 Page 3 of 4

15. I therefore submit that as a progressive regulator, MCA/ IBBI should also similarly allow subsidiaries and associates (including subsidiaries of foreign companies) to operate as registered valuers.

Thanking you,

Yours sincerely,

Varun Gupta

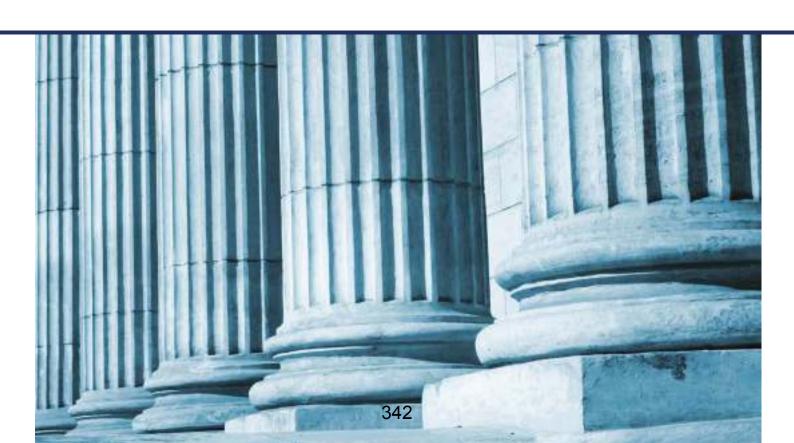
341 Page 4 of 4



# International Ethics Standards

An ethical framework for the global property market

December 2016



# **International Ethics Standards**

# **Purpose**

The aim of the International Ethics Standards Coalition (IESC) of professional organisations in the land, property, construction, infrastructure and related professions (IESC professional organisations) is to assert and sustain the critical role of ethics in professional practice to meet the needs of the global market and to maintain public trust and confidence.

# Mission

The independent Standards Setting Committee (SSC) was appointed by the IESC to research, write and maintain principle-based International Ethics Standards to be implemented by IESC professional organisations, IESC supporters, and other interested stakeholders.

# Vision

To promote and strengthen the ethical conduct of professional practice for the benefit of clients, third parties, current and future stakeholders, and the public.

# **Key definitions**

For the purpose of these standards the following terms are defined.

### Client

A person or group using the services of a practitioner working under the professional requirements of organisations within the IESC.

### **Practitioner**

A person qualified and practising under the auspices of one or more of the IESC professional organisations.

# Stakeholder

A person or group indirectly affected by a service performed by a practitioner for a client.

# **Third Party**

An involved person or group directly affected by a service performed by a practitioner for a client.

# **Ethical Principles**

The ethical principles below are listed in alphabetical order and are considered to be of equal importance. If two or more principles come into conflict during an assignment, the practitioner should give precedence to the principle that best serves the public interest in the context of the particular circumstances. The public interest embraces but is not limited to:

- the maintenance of reliable services for clients,
- sustaining proper standards of conduct and behaviour, and
- · upholding the reputation of the profession.

Accountability: Practitioners shall take full responsibility for the services they provide; shall recognise and respect client, third party and stakeholder rights and interests; and shall give due attention to social and environmental considerations throughout.

**Confidentiality**: Practitioners shall not disclose any confidential or proprietary information without prior permission, unless such disclosure is required by applicable laws or regulations.

Conflict of interest: Practitioners shall make any and all appropriate disclosures in a timely manner before and during the performance of a service. If, after disclosure, a conflict cannot be removed or mitigated, the practitioner shall withdraw from the matter unless the parties affected mutually agree that the practitioner should properly continue.

**Financial Responsibility**: Practitioners shall be truthful, transparent and trustworthy in all their financial dealings.

**Integrity**: Practitioners shall act with honesty and fairness and shall base their professional advice on relevant, valid and objective evidence.

**Lawfulness:** Practitioners shall observe the legal requirements applicable to their discipline for the jurisdictions in which they practise, together with any applicable international laws.

**Reflection**: Practitioners shall regularly reflect on the standards for their discipline, and shall continually evaluate the services they provide to ensure that their practice is consistent with evolving ethical principles and professional standards.

Standard of Service: Practitioners shall only provide services for which they are competent and qualified; shall ensure that any employees or associates assisting in the provision of services have the necessary competence to do so; and shall provide reliable professional leadership for their colleagues or teams.

Transparency: Practitioners shall be open and accessible; shall not mislead or attempt to mislead; shall not misinform or withhold information as regards products or terms of service; and shall present relevant documentary or other material in plain and intelligible language.

**Trust**: Practitioners shall uphold their responsibility to promote the reputation of their profession and shall recognise that their practice and conduct bears upon the maintenance of public trust and confidence in the IESC professional organisations and the professions they represent.



# Rules of Conduct for Members

04 June 2007 version 6 With effect from 01 January 2013





# Introduction

The Rules of Conduct for Members apply to all members worldwide. They cover those matters for which individual members are responsible and accountable in their professional lives. The rules focus on our regulatory goals and adopt the five principles of better regulation:

- Proportionality
- Accountability
- Consistency
- Targeting
- Transparency

For members requiring further guidance, we have prepared a series of help sheets on different aspects of the rules. These can be found at **www.rics.org/regulation**.

These Rules provide a strong foundation for RICS and its members, helping to protect the public and uphold the reputation of the profession.

These Rules of Conduct for Members of RICS are made by the Regulatory Board of the Royal Institution of Chartered Surveyors (RICS) under Article 18 of the Supplemental Charter 1973 and Bye-Law 5 of RICS Bye-Laws. Version 6 of these Rules shall apply from 01 January 2013.

# Scope

These Rules set out the standards of professional conduct and practice expected of Members of RICS. These Rules do not repeat obligations placed on Members by the general law, for example in the areas of discrimination and employment.

Not every shortcoming on the part of a Member, nor failure to comply with these Rules, will necessarily give rise to disciplinary proceedings. However, a failure to follow any guidance associated with the Rules is a factor that will be considered should it be necessary to examine the behaviour of a Member. In such circumstances a Member may be asked to justify the steps they took and this may be taken into account. A Member should be guided as much by the spirit of the Rules as by the express terms.

# Part I General Interpretation

 In these Rules, unless the context otherwise requires, 'Member' means a Chartered Member, non-Chartered Member, Honorary Member or a member of the attached classes.

## Communication

- RICS will communicate with Members by any of the following:
  - a. post
  - **b.** fax
  - c. e-mail
  - d. telephone
  - e. in person

# Part II Personal and Professional Standards

### **Ethical behaviour**

**3.** Members shall at all times act with integrity and avoid conflicts of interest and avoid any actions or situations that are inconsistent with their professional obligations.

# **Competence**

**4.** Members shall carry out their professional work with due skill, care and diligence and with proper regard for the technical standards expected of them.

### **Service**

**5.** Members shall carry out their professional work in a timely manner and with proper regard for standards of service and customer care expected of them.

# Continuing Professional Development (CPD)

**6.** Members shall comply with RICS' requirements in respect of continuing professional development.

# Solvency

Members shall ensure that their personal and professional finances are managed appropriately.

# **Information to RICS**

**8.** Members shall submit in a timely manner such information, and in such form, as the Regulatory Board may reasonably require.

# **Co-operation**

**9.** Members shall co-operate fully with RICS staff and any person appointed by the Regulatory Board.

# Regulation



### The Global Professional and Ethical Standards

There are five standards. All members must be able to demonstrate that they:

# Act with integrity

- This means being honest and straightforward in all that you do.
- This standard includes, but is not limited to the following behaviours or actions:
  - o Being trustworthy in all that you do.
  - o Being open and transparent in the way you work. Sharing appropriate and necessary information with your clients and/or others to conduct business and doing so in a way so they can understand that information.
  - o Respecting confidential information of your clients and potential clients. Don't divulge information to others unless it is appropriate to do so.
  - o Not taking advantage of a client, a colleague, a third party or anyone to whom you owe a duty of care.
  - o Not allowing bias, conflict of interest or the undue influence of others to override your professional or business judgements and obligations.
  - o Making clear to all interested parties where a conflict of interest, or even a potential conflict of interest, arises between you or your employer and your client.
  - o Not offering or accepting gifts, hospitality or services, which might suggest an improper obligation.
  - o Acting consistently in the public interest when it comes to making decisions or providing advice.
- Some of the key questions that you could ask yourself include:
  - o What would an independent person think of my actions?
  - o Would I be happy to read about my actions in the press?
  - o How would my actions look to RICS?
  - o How would my actions look to my peers?
  - o Do people trust me? If not, why not?

# Act with integrity (continued)

- o How often do I question what I do, not just in relation to meeting technical requirements but also in terms of acting professionally and ethically?
- o Is this in the interest of my client, or my interest, or the interest of someone else?
- o Would I like to be treated in this way if I were a client?
- o Do I promote professional and ethical standards in all that I do?
- o Do I say "show me where it says I can't" or do I say "is this ethical"?

### Always provide a high standard of service

- This means always ensuring that your client, or others to whom you have professional responsibility, receive the best possible advice, support or performance of the terms of engagement you have agreed.
- This standard includes, but is not limited to the following behaviours or actions:
  - o Be clear about what service your client wants and the service you are providing.
  - o Act within your scope of competence. If it appears that services are required outside that scope then be prepared to do something about it, or example, make it known to your client, obtain expert input or consultation, or if it is the case that you are unable to meet the service requirements, explain that you are not best placed to act for the client.
  - o Be transparent about fees and any other costs or payments such as referral fees or commissions.
  - o Communicate with your client in a way that will allow them to make informed decisions.
  - o If you use the services of others then ensure that you pay for those services within the timescale agreed.
  - o Encourage your firm or organisation you work for to put the fair treatment of clients at the centre of its business culture.



## Always provide a high standard of service (continued)

- Some of the key questions that you could ask yourself include:
  - o Do I explain clearly what I promise to do and do I keep to that promise?
  - o Do I look at ways to improve the service I provide to my clients?
  - o How can I help my clients better understand the surveying services that I am offering?
  - o Am I providing a professional service for a professional fee?
  - o Would the client still employ me if they knew more about me and the workload I have? If not, why not?
  - o Do I put undue pressure on myself and colleagues (especially junior colleagues) to do more than we actually can?

## Act in a way that promotes trust in the profession

- This means acting in a manner, both in your professional life and private life, to promote you, your firm or organisation you work for and the profession in a professional and positive way
- This standard includes, but is not limited to the following behaviours or actions:
  - o Promoting what you and the profession stand for the highest standards globally.
  - o Understanding that being a professional is more than just about how you behave at work; it is also, about how you behave in your private life
  - o Understanding how your actions affect others and the environment and if appropriate questioning or amending that behaviour.
  - o Fulfilling your obligations. Doing what you say you will.
  - o Always trying to meet the spirit of your professional standards and not just the letter of the standards.
- Some of the key questions that you could ask yourself include:
  - o Do my actions promote the profession in the best light possible?
  - o What is the best way for me to promote trust in me, my firm and the profession?
  - o Do I explain and promote the benefits, the checks and balances that exist with the professional services that I provide?



## Treat others with respect

- This means treating people with courtesy, politeness, and consideration, no matter their race, religion, size, age, country of origin, gender, sexual orientation or disability. It also means being aware of cultural sensitivities and business practices.
- This standard includes, but is not limited to the following behaviours or actions:
  - o Always being courteous, polite and considerate to clients, potential clients and everyone else you come into contact with.
  - o Never discriminate against anyone for whatever reason. Always ensure that issues of race, gender, sexual orientation, age, size, religion, country of origin or disability have no place in the way you deal with other people or do business.
  - As much as you are able, encourage the firm or organisation you work for to put the fair and respectful treatment of clients at the centre of its business culture.
- Some of the key questions that you could ask yourself include:
  - o Would I allow my behaviour or the way I make my decisions to be publicly scrutinised? If not, why not? If so, what would the public think?
  - o Are my personal feelings, views, prejudices or preferences influencing my business decisions?
  - o How would I feel if somebody treated me this way?
  - o Do I treat each person as an individual?

# Take responsibility

- This means being accountable for all your actions don't blame others if things go wrong, and if you suspect something isn't right be prepared to do something.
- This standard includes, but is not limited to the following behaviours or actions:
  - o Always act with skill, care and diligence
  - o If someone makes a complaint about something that you have done then respond in an appropriate and professional manner and aim to resolve the matter to the satisfaction of the complainant as far as you can.



- o If you think something is not right, being prepared to question it and raise the matter as appropriate with your colleagues, within your firm or the organisation that you work for, with RICS, or with any other appropriate person, body or organisation.
- Some of the key questions that you could ask yourself include:
  - o Am I approachable?
  - o Does my firm or organisation have a clear complaints handling procedure?
  - o Do I learn from complaints?
  - o Do I take complaints seriously?
  - o Am I clear about what the process is within my firm or the organisation that I work for about raising concerns?
  - o Have I considered asking for advice from RICS?

## **Contact information**

t +44 (0)20 7695 1670 (RICS Regulation helpline)

t +44 (0)20 7334 3867 (Members' confidential helpline)

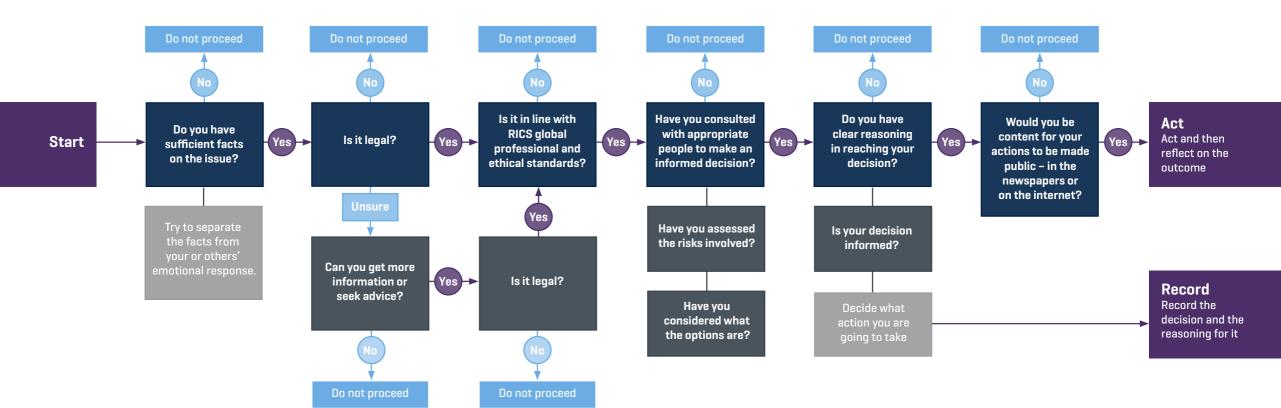
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# **Decision tree**





# **Code of Conduct and Professional Ethics**

Mr. Kirit Budhbhatti

The Code of conduct and Professional Ethics are framed with expectation that the valuers shall conduct themselves ensuring public interests and uphold the reputation of the valuation profession.

- i. The valuer shall, at all times, act with integrity and avoid conflicts of interest and avoid any actions or situations that are inconsistent with his/her professional obligations.
- ii. The Valuer shall take responsibility for all his/her professional actions and always act with skill, care and diligence
- iii. The Valuer shall carry out their professional work in a timely manner and with proper regard for standards of service and customer care expected of him/her.
- iv. The Valuer shall comply with required continuing professional development.
- v. The Valuer shall submit in a timely manner such information, and in such form, as the Authority may reasonably require.
- vi. The Valuer shall be open and transparent in the way he/she works.
- vii. The valuer shall refrain from misrepresenting his/her qualifications to the clients and the profession.
- viii. The Valuer shall share appropriate and necessary information with clients and/or others and doing so in a way so they can understand that information.
- ix. The Valuer shall respect confidential information of clients and potential clients and shall not disclose information to others unless it is required under any authority of law.
- x. The Valuer shall not take advantage of a client, a colleague, a third party or anyone to whom he/she owe a duty of care.
- xi. The Valuer shall not allow bias, conflict of interest or the undue influence of others to override professional judgements and obligations.
- xii. The Valuer shall make clear to all interested parties where a conflict of interest, or even a potential conflict of interest, arises between him/her.

- xiii. The Valuer shall not offer or accept gifts, hospitality or services, which might suggest an improper obligation.
- xiv. The Valuer shall act consistently in the public interest when it comes to making decisions or providing advice.
- xv. The Valuer shall ensure that the client, or others to whom he/she have professional responsibility, receive the best possible advice, support or performance of the terms of engagement agreed.
- xvi. The Valuer shall clear about what service the client wants and the service he/she provides.
- xvii. The Valuer shall act within his/her scope of competence. If it appears that services are required outside that scope then make it known to the client and if required, then obtain expert input or consultation.
- xviii. In the case, where valuer is unable to meet the service requirements, explain that to the client that he/she is not best placed to act for the client.
- xix. The Valuer shall not accept any amount such as referral fees or commissions.
- xx. The Valuer shall act in a way that promotes trust in the profession and promotes what the valuer and the profession stand for.
- xxi. If someone makes a complaint about something that valuer has done, then the Valuer shall respond in an appropriate and professional manner with an aim to resolve the matter to the satisfaction of the complainant as far as he/she can.
- xxii. The valuer shall take up the matter, if he/she thinks, something is not right with other valuers/firm or the valuation organisation at appropriate forum.
- xxiii. The valuer shall ensure mutual co-operation amongst valuers by free exchange of opinion and experience.

# Role of RVOs in new regulatory and developmental framework

Mr. Kirit Budhbhatti

RVOs may be entrusted with the professional developmental role ensuring continuing education and training of valuers. Looking to the dearth of the faculties for education and training in the field of valuation RVOs may be encouraged to develop pool of such faculties.

### Role of RVOs

- To provide for continuing education and training of valuers as required under legislation.
- To ensure the conduct of valuers as per professional code of conduct as outlined in the Act.
- To carryout research work through its members and its publication.
- To develop and continuously update the study material for valuation.
- To develop and continuously update the guidelines for valuation for any new legislative changes or circumstances.
- Grievance Redressal Grievances of outsiders with members of RVO, Grievances of members with RVO. Grievances of RVO with its Members.
- Taking administrative action of removing of name of member from membership register for non-payment of membership fees thru Membership Committee Including temporary surrender of Membersip.

A mechanism may be provided to ensure the performance of above roles and if any lapses in performance brought to the notice of the regulator then regulator shall ensure that lapses are addressed within reasonable time by RVOs.

Following role may NOT be entrusted to RVOs:

- Regulation and Monitoring of valuer members.
- To take any disciplinary actions on valuer members.



# Note on "The developmental and regulatory activities currently being performed by RVOs"

Development of a profession takes place due to:

- a) the benefit it provides to the society at large;
- b) the trust level it creates among its beneficiaries;
- c) its ability to provide sustainable employment avenues for the young professionals, those indulged in other professions aspiring to diverse and other such job seekers.
- d) its contribution to socio economic development.
- e) its impact on the country's economic situation.

Role of valuation in this sense becomes more vital for the society as every financial transaction undertakes valuation process. Valuation as a profession, is assuming a significant position in the society. However, it has existed for a long time, but a proper regulatory frame work was desirable to give it a definitive direction, where it becomes a fully developed profession.

In this context, taking a view of the vastness, diversity of subjects involved and ecosystem as exist in our country, the role of Tier-II, as an extended arm of Tier-I in institutionalising the profession of Valuers assumes a great significance. Globally, for any kind of development to happen, an organisational partnership with government is required whether it is the creation of infrastructure or implementation of a government policy. The optimism in this direction, as expressed by the Government of the day, also strengthens the partnering of organisations in implementation of its ambitious policies, in almost every sector.

The valuation as a profession has been existing and developing for many years, but due to the absence of a regulatory framework it could not take its due position. The proposed Institutional Framework for the valuation as a profession with a two tier system is indeed a step taken in the right direction. If the contribution of Tier-II is restricted only to development of education without having any access in the regulation of professionals, it may not bear the desired results. To achieve the desired results, the zest, willingness and enterprise of the professional organisations as Tier II engaged in the profession needs to be fully tapped to bridge the gap between the Government and the professionals.

While perusing the existing pattern of the profession, globally, it becomes evident that:

- Central Act for all kinds of Valuations, does not exist anywhere in the manner this Committee is contemplating upon.
- Some countries like Malaysia and New Zealand follow the pattern as that of India's 34AB Wealth Tax Act, where in the professional



- organisations/institutions, are regulating the profession & professionals under a particular Act.
- Whereas in some countries viz., USA & Romania, the professional Institutions are empowered with the government oversight.

In global context, presence of these professional organisations/Institutions, has contributed towards promoting the higher levels of education and self regulatory systems, globally. The funding and finances required to develop such educational and research programmes are met from resources mobilised by these organisations/institutional bodies, without putting any pressure on nation's financial resources.

The current regulatory environment under section 247 of the Companies Act, 2013 in India is fundamentally sound and that, a need for reform and improvement should not be taken as a condemnation of the existing regulation of valuers.

IOV-RVF has deliberated on the role of Tier-II taking into consideration of all these aspects and is of a view that, the development of any profession is possible:

A. When its contribution and benefit to the Society is evident. Tier-II can play a significant role in this direction by promoting education in this sector at ground zero. The youth of today aspires for new avenues of earnings, moving away from the conventional ones.

Historically, the profession was being practised by certain section of professionals only. But in recent times, especially after the introduction of Companies (Registered Valuers & Valuation) Rules, 2017, the younger generation and even the existing Valuers are showing greater interest in entering this regulated Valuation Profession. Still much is required to be done considering the size of our Country. It may not be feasible for the central system in terms of a single tier to meet the requirement in this area on its own. Tier-II under the guidance and observance of the Tier-I is very well placed to undertake such functions efficiently due to availability of experienced professionals and required talent, on ground level to capture working capacities, connection with aspirant professionals and possibility to approach far and wide locations.

With the support of Tier-II the valuation professionals and firms can stay compliant with key requirements originating both from rules and regulations of regulatory bodies as well as policies of the Tier-II. Tier I can be more in control of right policy making, quasi legislative and quasi judicial functions when the executive level legwork is carried out by Tier-II. A brief study of IOV-RVF in terms of its achievements viz. a viz. rules is attached herewith.

B. The requirement of Valuers to be inducted into the system within limited time frame requires ground level working. At present, substantial number of valuers are working in various classes of Assets, however two years since inception of the said Rules, about 2500+ (Two Thousand Five Hundred) valuers could be n



registered with the Authority (IBBI) and a sizeable number of valuers are still sitting on the fence, since valuations are also being conducted under other Acts and provisions viz. Wealth Tax Act, Banking Sector, Income Tax Act, SEBI etc., apart from the Companies Act, 2013 and IBC, 2016. Once, the whole profession gets Institutionalised, all kinds of valuation assignments shall come under the ambit of this Institutional framework and then there will be huge influx of valuers into the system. Smooth and efficient entry by way of enrolment of the Valuers under the umbrella of one Act, shall be possible only with the facilitation services provided by Tier-II as an extended arm of the Government.

Two tier system of regulation provides a natural balance and helps to have a more balanced, diverse, resilient framework and more effective implementation. The team work of Tier-I and Tier-II, wherein Tier-II under the guidance and supervision of Tier-I, handles the operational part of scrutinizing, enrolling, providing education and facilitating the registration of the members with Tier-I and having an effective framework to professionally monitor the performance, best practices and adherence to the acts, rules, regulations, guidelines and the amendments made there under, are bound to show desired results in a time bound manner. The mechanism for the same is well placed and performing at present.

- C. By reducing the regulatory burdens and focussing on the policy decisions, formulating rules and regulations, providing check barriers by way of defining eligibility criteria, Tier-I would be able to efficiently supervise and streamline the operations in that area. Expertise and experience of Tier-II in the specific field of Valuation shall play a defining role, as is evident from present scenario of operations of IOV Registered Valuers Foundation (IOV-RVF) with an impetus from experience of oldest & largest institute "Institution of Valuers" (IOV).
- D. Providing training to capacitate the individuals for the purpose of qualifying the eligibility criteria for getting registered as a valuer is easily possible with the help of existing paraphernalia of the Tier-II and can be used to kick-start the process immediately, without any delay. Tier-II is well developed and capacitate to provide various other bridging courses and for cross-asset class education courses. Existence of highly experienced valuers in the present scenario, makes training and education of new entrants, possible.
- E. Focussing on the issues where the members are required to create the trust of the stakeholders, inspire confidence and maintain the reputation of the valuation profession shall be the core objective of the Tier-II. And presently the Tier-II are ideally placed to be an effective arm of the regulator for the valuation profession in the country.
- F. The development of profession and professionals is a continuous process and can never be assumed to be completed when an individual gets registered as valuer (RV) or enters a regulated environment. Actual development starts when



one has entered into the regulated environment and makes continuing education as part of their professional growth, is governed as per the prescribed rules and regulations by the Government and the monitoring & disciplinary policies of the organisation of which he is the member. Observance, of the activities by monitoring RVs or addressing the grievances while taking appropriate disciplinary actions are such functions of Tier-II which may be construed as possessing extra judicial powers, but considering this aspect of capacity building are definitive tools for achieving the desired results. Capacity building cannot be constrained to the teaching facility only, but the corrective measures and means of growth can only be assessed and assured, if the regular monitoring, addressing to the grievances are in the purview of Tier-II.

- G. The functions performed by the existing Tier-II are essential to the proper regulation of the valuation profession and for the development of valuation profession in line with the effectively placed regulatory framework including ongoing quality monitoring activities, effective Grievance Redressal procedure, fair and independent disciplinary policy, continuing education & training policy, peer review and inspection policies of Tier-II, governed by an independently led board shows the robust system already in place to cater to the Tier-I for effective and quick implementation of the proposed framework for valuation profession while upholding the reputation of profession and shall inspire confidence in the quality of valuation services to the stakeholders.
- H. The Inspection policy of the Tier-II for the Members in consonance with requirement of taking disciplinary action upholds the standards and protects the stakeholders.
- I. The provision of regular periodic reviews and peer reviews of the members to ensure compliance with act, rules, regulation and policies, valuation and ethical standards formulated by both Tier-I and Tier-II ensure that the members are following best practice and guidelines and that a robust framework of policies and procedures is in place. Reviews are undertaken by qualified and eminent valuers who are experts in their field. All the members are required to follow the peer review policy of the Tier-II and comply with reasonable requests to review their systems, processes, files and related documentation.
- J. Tier-II has introduced a more formalised process of filing grievances/complaints against the members and forms which shall lead complainants/stakeholders to be more thoughtful and specific, thereby able to reduce the quantum based complaints.
- K. Duly placed and approved disciplinary policy of the Tier-II, which is based on decisions made through a defined and independent process where a committee with the presence of an independent director chairing it and presence of representative from Tier-I, provides the profession with an effective, fair and independent quasi judicial body for the purpose of safeguarding the interest of



the stakeholders. The endeavour of the Disciplinary policy of existing Tier-II, to support its members to come back into compliance is a two-way and constructive process, however, in serious cases of non-compliances, the disciplinary powers are used to enforce compliance.

- L. Tier-II has an effective, fair and independent Appellate Board chaired by independent Director and nominee Director of the Authority to provide a hearing from the erring valuers for their version in case of some disciplinary action against them.
- M. To protect the stakeholders and safeguard the reputation of the valuation profession. The policies of the Tier-II range from caution to expulsions or the deregistration of Valuer Members.

A statement reflecting provisions of the Companies (Registered Valuers & Valuation) Rules, 2017 required to be complied by RVOs viz. a viz. the status of compliance of IOV Registered Valuers Foundation and functions already under taken by them is attached herewith to strengthen the impact of the practical application of the rules by Tier-II under the ability propounded by Tier-I.



Annexure -I

# Governance Structure of RVO's required as per the provisions of the Companies (Registered Valuers & Valuation) Rules, 2017 and the status of compliance by the IOV Registered Valuers Foundation (IOV-RVF).

Sr. No.	Rules/Provisions	IOV-RVF status
1	There shall be a governing board consisting of more than half independent directors & less than one fourth Registered Valuers directors.	IOV-RVF Governing Board is comprised of eight (8) directors out of which five (5) are independent directors and two (2) are Registered Valuers and one related director.
2	No meeting of the governing board shall be held without the presence of atleast one independent director.	All board and committee meetings of IOV-RVF have always been chaired by the independent directors.
3	An independent director shall be an individual - a. who has an expertise in one of the fields of academic, management, law& finance. b. who is not a registered valuer & who is not a shareholder of RVO. c. who fills the requirements under the sub-section 6 of section 149 of the Companies Act, 2013.	IOV RVF has 5 independent directors. Independent directors are from the field of academic, management, law & finance. The independent directors are not the registered valuers nor do they have any shareholding in IOV-RVF. All the independent directors fulfill the requirements under sub-section 6 of section 149 of the Companies Act, 2013.
4	The directors shall elect an independent director as the chairperson of the governing board	Board of directors of IOV-RVF have selected one independent director as a chairperson of the Governing Board of IOV-RVF.



# Annexure -II

	Monitoring Committee & Policy of IOV-RVF			
Sr. No.	Rules/Provisions	IOV-RVF status	Remarks	
1	The organisation shall have a Monitoring Policy to monitor the professional activities and conduct of members for their adherence to the provisions of the Act, rules, regulations and guidelines issued thereunder, byelaws of the RVOs, the Code of Conduct & directions given by the Governing Board.	IOV-RVF has put in place a Monitoring Committee and has adopted a Monitoring Policy in accordance with relevant rules and regulations.	The Monitoring Committee of IOVRVF is headed by an Independent Director, who has an expertise in the field of finance. He conducts regular meetings in the presence of all Committee Members.	
2	A member shall submit information about ongoing and concluded engagements as a registered valuer, in the manner and format specified by the Organisation, at least twice a year stating inter alia, the date of assignment, date of completion and reference number of valuation assignment and valuation report.	As per the Monitoring Policy, the Registered Valuers Members of IOV-RVF are required to submit the information periodically in accordance with the procedural framework comprising of activity data, annual data, collection of the information, records and documents.	The IOVRVF has constituted a Committee of experts to review valuation reports of Registered Valuer Members of IOV-RVF.	
3	The Monitoring Policy shall provide various details such as frequency of monitoring, collection of information and records of the members and their compliance with the Monitoring Policy, evaluation of performance of members.	Based on the timely compliances made by the Registered Valuer Members, the Monitoring Committee classifies the Registered Valuer Members in the following categories:  A. Compliant  B. Semi Compliant  C. Non-Complaint		
4	The Monitoring Policy shall take due care of privacy of members, confidentiality of records as needed and be non-discriminatory.	IOV-RVF fully complies with and has the mechanism for the confidentiality of the data submitted by its Registered Valuer Members.		
5	The Organization shall submit a report to the authority with information collected during monitoring pertaining to details of the appointments and the transactions conducted with stakeholders and with the third parties along with outcomes.	IOV-RVF is timely submitting the disclosure reports in the prescribed format provided by the authority.		



Annexure -III

	GRIEVANCE REDRESSAL COM	MITEE & MECHANISM OF IOV-	RVF
Sr. No.	Rules/Provisions	IOV-RVF Status	Remarks
1	The Organization shall have a Grievance Redressal Policy providing the procedure for receiving, processing, redressing and disclosing grievances against the Organization or any member of the organization by (a) any member of the Organization (b)any person who has engaged the services of the concerned members of the organization (c) any other person or class of persons as may be provided by the Governing Board.	To comply with the Rules, IOV-RVF has an effective Grievance Redressal Mechanism for addressing to the Grievances received against the Registered Valuer Members of IOV-RVF and against IOV-RVF through Grievance Redressal Committee.	The Grievance & Redressal Committee of IOV-RVF is headed by an Independent Director, who has an expertise in the field of Management. He conducts regular meetings in the presence of all committee members.
2	The Grievance Redressal Committee (GRC) after having duly examined the grievance (a) can dismiss the grievance if it is devoid of merit (b) initiate a mediation between parties for redressal of grievance.	Grievance Redressal Committee of IOV-RVF has been constituted by the Governing Board of IOV-RVF and comprises of five members and is headed by an	
3	The GRC shall refer the matter to the Disciplinary Committee, wherever the grievance warrants disciplinary action.	independent director. Regular Meetings of the Grievance Redressal Committee of IOV-	
3	The Grievance Redressal Policy shall provide for  (a) the format and manner for filing grievances  (b) maximum time and format for acknowledging receipt of grievance,  (c) maximum time for disposal of the grievance by way of dismissal, reference to the Disciplinary Committee or the initiation of mediation.  (d) details of mediation mechanism  (e) provision of a report of the grievance and mediation proceedings to the parties to the grievance upon dismissal or resolution of the grievance.  (f) action to be taken in case of malicious or false complaints  (g) maintenance of a register of grievance made resolutions arrived at  (h) periodic review of the Grievance Redressal mechanism.	RVF are being held.	



Annexure -IV

	DISCIPLINARY COMMITTEE & THE POLICY OF IOV-RVF			
Sr. No.	Rules/Provisions	IOV-RVF Status	Remarks	
1	The Organization may initiate disciplinary proceedings by issuing a show-cause notice against members a)based on a reference made by the Grievance Redressal Committee b) by monitoring of members; c) by following any directions from authority or court of law. d) suo moto, based on any information received by it.	Duly constituted Disciplinary Committee and a fair, effective and independent Disciplinary Policy of IOV-RVF in consonance with the Companies (Registered Valuers & Valuation) Rules, 2017 is in place and includes the procedure and manner for initiating disciplinary	l	
2	The Organisation shall have a Disciplinary Policy, which shall provide for the following:  (a) the manner in which the Disciplinary Committee may ascertain facts;  (b) issue of show cause notice based on the facts  (c) disposal of show cause notice by a reasoned order following principles of natural justice;  (d) timelines for different stages of disposal of show cause notice and  (e) rights and obligations of the parties to the proceedings.	proceedings and the orders that may be passed by the Committee.		
3	The orders that may be passed by the Disciplinary Committee shall include (a) expulsion of the member (b) suspension of the member for a certain period of time (c) admonishment of members, (d) imposition of monetary penalty; (e) reference of the matter to the Authority, recommendation of the amount of restitution or compensation that may be enforced by the authority. (f) directions relating to costs.			
4	The Governing Board shall constitute an Appellate Panel consisting of one independent director or the organisation, one member each from amongst the person of eminence having experience in the field of law and field of valuation and one member nominated by the Authority.	Appellate Panel has been constituted by the Governing Board of IOV-RVF having eminent members from the field of law & valuation and a member nominated by the Authority.		



Annexure -V

	Education & Training Provided by IOV-RVF			
Sr. No.	Rules/Provisions	IOV-RVF Status	Remarks	
1	Rule 12 (2) The organisation referred to in sub-rule 91) shall be recognised if it- (a) conducts educational courses in valuation, in accordance with the syllabus determined by the authority, under rule 5, for individuals who may be its valuers members and delivered in class room or through distance education modules and which includes practical training;	Education Training and Research Committee was constituted by the Governing Board of IOV-RVF and is chaired by an independent and academic person (Vice Chancellor of a well known university) for guiding all educational matters.  IOV-RVF has been conducting 50 hrs. educational courses in valuation in accordance with the syllabus determined by the authority (IBBI) on PAN India basis at different locations in all the regions since its inception.	1. IOV-RVF has conducted 177 educational courses of 50 hrs. since inception. 2. 3921 number of valuers have attended the educational courses conducted by IOV-RVF.  3. 1179 number of valuer members of IOV-RVF have been registered with the authority (IBBI) out of 2632_total number of Registered valuers regsitered with 11 RVOs as on date.	
	(b) grants membership or certificate of practice to individuals, who possess the qualifications and experience as specified in rule 4, in respect of valuation of asset class for which it is recognised as a registered valuers organisation;	IOV-RVF is granting membership certificates to the individuals who possess the qualifications and experience as per the rules, have attended 50 hrs. education course and have passed the valuation examination conducted by IBBI. IOV-RVF is also issuing Certificate of Practice to its Registered Valuer members.	IOV-RVF has 3921 members as on date and has granted certificate of Practice (COP) to 1052 members.	
	(c) conducts training for the individual members before a certificate of practice is issued to them;	IOV-RVF has been conducting full day trainings on PAN India basis at different locations in all the regions before issuing Certificate of Practice to its Registered Valuer Members since September 2018.	IOV-RVF has conducted 47 full day trainings for its members in 16 locations in different regions before issuing COP.	



	(e) provides for continuing education of individuals who are its members;	IOV-RVF is continuously conducting seminars, trainings, workshops, conferences etc., in classroom mode on the relevant topics related to valuation on PAN India basis at different locations in all the regions throughout the financial year to make it accessible and convenient for Registered Valuer Members to participate in such Seminars and earn the mandatory credit hours	IOV-RVF has conducted 15 seminars at 12 locations in all the regions throughout the financial year to its Registered Valuer members
3	Rule 8(1) The registered valuer shall, while conducting a valuation, comply with the valuation standards as notified or modified under rule 18:  Provided that until the valuation standards are notified or modified by the Central Government, a valuer shall make valuations as per-(a) Internationally accepted valuation standards (b) Valuation standards adopted by any registered Valuers organisation.	IOV-RVF has adopted International Valuation Standards (IVS) until the valuation standards are notified by the Central Government.  IOV-RVF ensures that all the members are following the IVS while conducting valuations.  IOV-RVF has been conducting specialised trainings on the valuation standards for its members and taking exams for the same.	Valuation Standard Board (VSB) of IOV- RVF has been constituted and is chaired by the representative of IOV-RVF in the Committee to advise on Valuation Matters set up under the Companies (Registered Valuers & Valuation) Rules, 2017.  Under the guidance of Valuation Standard Board (VSB) of IOV-RVF, the specialised training on Valuation Standards has taken place.  240 Valuers have attended the specialised training on valuation standards till date.



# **Conflict of Interest for valuers**

- Mr. Varun Gupta

For a valuer (whether an individual or a firm), Conflict of Interest can arise in various situations. These can be broadly categorized as follows:

- Party Conflict
- Own Interest Conflict

These categories are further described below, along with some illustrative examples:

1. **Party Conflict** is said to arise in a situation in which the duty of valuer to act in the interests of a client or other party in a professional assignment conflicts with a duty owed to another client or party in relation to the same or a related professional assignment. This situation could arise due to either 'simultaneous representation' or 'successive representation'.

### Examples:

- a. Let us say two parties (A and B) are negotiating a transaction. Assisting Party B in whatever capacity (including valuation services) if the valuer is already assisting Party A in the same transaction (in whatever capacity including providing valuation services) leads to a Conflict of Interest. This is an example of 'simultaneous representation'.
- b. Assisting a litigant in a dispute/ arbitration situation in whatever capacity (including as a valuation expert or an expert witness) if the valuer is already assisting the defendant (or vice versa) in the same dispute/ arbitration (in whatever capacity). This is also an example of 'simultaneous representation'.
- c. In a situation where the valuer is approached by a client for valuing an asset which the valuer has previously valued (for a different client), the RV could be under pressure to conclude the value at or around the same value as estimated previously. A situation may arise when a valuer who had previously completed a valuation for an owner contemplating a sale, is requested to value the asset for the purchaser or the purchaser's financial institution. Under such a situation, the valuer will be under pressure to at least reaffirm the original value. To do otherwise would cast doubt on the original valuation, which would jeopardize the valuer's credibility in the eyes of the owner; but to ignore the actual sale value could do a disservice to the new client. This is a classic example of 'successive representation' situation.
- d. The other reason why a conflict of interest may arise in case of Successive Representation is that the 1<sup>st</sup> client (the owner) may have previously provided confidential information that the he may not want divulged to the potential buyer (the 2<sup>nd</sup> client). Failure to include that information in the second report, if material, could lead to a breach of the obligations to the 2<sup>nd</sup> client. To include the information would betray the confidentiality obligation to the 1<sup>st</sup> client. Such a situation is best resolved by declining the second project. However, in certain situations, Successive Representation may not result in a conflict. This is especially true if significant time

has elapsed between the first and the second engagement, or significant events have taken place after the first engagement that have rendered the first valuation opinion and the confidential information shared by the 1<sup>st</sup> client obsolete. In any event, the consent of the 1<sup>st</sup> client should be obtained before proceeding with the second valuation.

2. **Own Interest Conflict** is a situation in which the duty of a Valuer to act in the interests of a client in a professional assignment conflicts with the Valuer's own interests (directly or indirectly)

# Examples:

- a. Providing valuation services to a client where the RV is the shareholder of the entity being valued and the valuation opinion could have an impact on the stock price
- b. Providing merger swap analysis where the RV is a shareholder in either or both of the companies involved in the merger
- c. Self-review conflict where a valuer or a network firm reviews (as an auditor) the work performed including the valuation report provided by the valuer
- d. Charging a success fee on a valuation project
- e. Charging a fee based on the percentage of value of assets being estimated. In such a situation, the valuer has a clear incentive to overvalue the assets

### PROPOSED DRAFT CHAPTER ON REGULATORY GOVERNANCE

Mr. Somasekhar Sundaresan

The structure of the regulatory organisation is a vital element in the efficacy of regulating valuers. While a new profession would be nurtured and regulated, how well the regulator functions would depend on the structure of the regulator itself and how the regulator is governed.

The regulation of a regulator's performance is best served with inherent checks and balances by creating a strong governance capacity overseen by an effective board. Indeed, like with any body corporate (and more so with the tasks involving exercise of statutory power) the executives in a regulator would need an effective check and balance to measure their performance internally.

By design, a regulatory organisation has multiple roles and legal capacities of the "State" rolled into and bundled up, in one organisation. The role of the legislature, executive and the judiciary, are all rolled into the regulator, suspending the conventional wisdom of the need for separation of powers of the State, with each arm of the State acting as a check and balance on the others. This further underlines the need for a strong governance framework to ensure effective functioning of the regulator.

Regulatory organisations in India and their governance do not impose statutory requirements on how the regulator would be governed. Most of the legislation that create regulators entail setting up of a "board" or an "authority" with provisions containing generic requirements of knowledge of and acquaintance with accounting, economics, law, and the like. Likewise, the oversight of the regulatory organisation's functioning by the board of directors / governors is hardly embedded into legislation. This leads to outcomes such as regulatory officials not having any key performance indicators or metric on which their performance could be appraised.

The Committee deliberated on how best the design of the regulator could be enhanced to achieve Board effectiveness to oversee the affairs of the regulatory agency. The committee felt that while the design in which existing regulators that have been set up – for example, the Securities and Exchange Board of India or the Insurance Regulatory and Development

Authority – may be adopted, even at inception, care should be taken to ensure that the internal governance of the regulatory agency must be made more robust by the very architecture of the regulatory agency. It was noted that the regulator in the instant case would be a regulator that not would not only play the role of regulating the conduct of valuers but would also be a licensing authority for valuers.

# Salient Design Features in Legislation:

The following design features are envisaged as features in the Statute to be passed by Parliament in setting up the regulator:-

- a) The regulatory agency would have a Chairman, who would be the chief executive of the organisation;
- b) The governing board would also comprise Whole Time Members, who, like the Chairman, would be employees of the regulatory agency;
- c) The governing board would also have Part Time Members who would be external persons from society who would be a check and balance on the executive;
- d) The Part Time Members would be at least equal in number to the aggregate of the Chairman and the WTMs on the Board;
- e) The regulatory agency would also have an Advisory Committee that would comprise valuers and other direct stakeholders, which committee, would, in an advisory capacity make recommendations to the regulatory agency on matters of regulation and oversight of the profession;
- f) Ordinarily, no valuer and other direct stakeholder, or for that matter, no person from the regulatory agency, other than the Chairman and the WTMs would be a member of the Board;
- g) The Advisory Committee's recommendations must be tabled before the Board of Directors for its consideration;

h) To ensure effective segregation of powers, the legislation creating the regulator, would, by stipulated design entail the following features:-

# **Provisions on Statutory Organisational Design:**

- (i) The Chairman would be the Chief Executive and head the executive functions of the regulatory agency and also be Chairman of the Board for its meetings;
- (ii) One or more of the WTMs representing the quasi-judicial function of the regulatory agency would also form part of the Board one of such WTMs shall head the quasi-judicial function of the regulatory agency;
- (iii) The legislative function of the regulatory agency must be discharged by the Board the executive must pilot any subordinate legislation that is proposed to be notified through the Board and the Board must sign off on the actual final version of the legislation that is to be made under the Parliamentary statute;
- (iv) The quasi-judicial functions of the regulatory agency must not comprise any member from the executive function of the regulatory agency indeed, officials in the executive role may with a stipulated cool-off period be moved to the quasi-judicial role with the condition that they must not preside over any quasi-judicial proceeding involving issues that had been handled by them in their executive role;
- (v) The basic trial and adjudication of quasi-judicial proceedings would be discharged by Adjudicating Officers, whose performance appraisal would be conducted by the WTM who would head the quasi-judical function of the regulatory agency;
- (vi) None of the officials in the executive role would have a say in the performance appraisal of the quasi-judicial Adjudicating Officers. Likewise, no WTM forming part of the quasi-judicial function must have a say in the performance appraisal of officials in the executive function in the regulatory agency;

# **Provisions on Due Process for Law-making:**

- (vii) In the legislative function, by statutory mandate, before any subordinate law is made, the regulatory agency must publish a problem statement recording the objective of the proposed subordinate law, the nature of the issue sought to be addressed, the draft of the legislative solution to the problem statement, with analysis of costs and benefits of such proposed law;
- (viii) The proposed draft law along with the aforesaid analysis must be published for public comment, with at least six weeks being provided for the comments to be received;
- (ix) The suggestions received, the suggestions accepted, the suggestions rejected, and reasons for such acceptance or rejection, along with the final version of the draft subordinate law must be tabled before the Board for its consideration and deliberation;
- (x) The Board must deliberate the proposed law and approve the subordinate law in final form, which finally-approved form must be published in the Official Gazette as the final applicable law;
- (xi) Notes in legislative intent for every provision of the subordinate legislation must be spelt out as an integral part of the legislation to enable the regulated entities, the regulatory agency and courts to appreciate the legislative intent behind every provision in the subordinate law;
- (xii) The subordinate law so made must be tabled in Parliament for 30 days;
- (xiii) Power to remove difficulties in the operation of the subordinate law must be provided for with a limited window of two years in which period the subordinate legislation would be well experienced by society;

- (xiv) Every subordinate law must be mandatorily reviewed six months before the fifth anniversary of the law having been brought into effect;
- (xv) The executive side of the regulatory agency must collect and provide to the Board, empirical data on the functioning of the provisions to enable such review;
- (xvi) By the sixth anniversary of very subordinate law taking effect, a reiteration of the law, with or without amendments, must be explicitly made for continuation of the effect of the provisions;

### Provisions on Enforcement in Discharge of Executive Function:

- (xvii) In the enforcement of the law, principles of natural justice must be followed essentially, this must entail provision of inspection of the record, effective access to the relevant material that could lead to a determination of the issues involved, and ability to cross-examine persons whose statements become relevant for proving or defending charges;
- (xviii) A show cause notice must be issued setting out the nature of the charges, the facts based on which the charges are levelled, the provisions of law that stand violated by reason of the nature of the facts and the proposed measures and remedies contemplated to resolve the impact of the violation;
- (xix) Inspection of the record must not be restricted just to the material relied upon to support the charges, but must also extend to material that could undermine the charges the objective of any proceeding being to arrive at the truth rather than to achieve the outcome of holding a person guilty;
- (xx) Adjudicating Officers who would decide upon the outcome in the proceedings must afford an opportunity of being heard at a personal hearing;
- (xxi) The Adjudicating Officers must conduct a case management meeting to assess the volume of work involved in a hearing; the number and type of issues to be

- considered; the time that may be involved in assessment of issues; and allocate time for oral arguments;
- (xxii) The recipients of the show cause notice must be given reasonable time to present their written reply after completion of inspection and to supplement a note on arguments within a short period after the conduct of the personal hearing;
- (xxiii) An appeal against any decision by an Adjudicating Officer shall lie before a quasi-judicial WTM;
- (xxiv) Decisions of the WTM must be appealable to the Securities Appellate Tribunal, which is now broadly the appellate tribunal that has appellate jurisdiction over regulatory matters in the financial sector;
- (xxv) Appeals from the decisions of the Tribunal must lie in the High Court on questions of law and fact;
- (xxvi) No statutory right to appeal from the decisions of the Tribunal is required to be provided the Supreme Court of India may grant special leave to appeal under Article 136 of the Constitution of India

# Compilation of Purposes of Valuation under the existing law and by practice in India

(Complied by CVSRTA Registered Valuers Association)

Various movable and immovable assets like Land and Building, Plantation, Forest, Mines, Factories, Plant and Machinery, Shares and intangible assets like copyrights, trademarks, logos, patents, goodwill, brands, customer data etc needs to valued for various purposes.

### **Valuation Under Various laws:**

- Valuation to be done for the purpose of the Companies Act.
   (Various Section under the companies Act requires the valuation to be done by the Registered Valuers)
- Valuation to be done for the purpose of the IBC.
   (Various Section under the Insolvency and Bankruptcy Code requires the valuation to be done by the Registered Valuers)
- Valuation to be done for the purpose of the Income Tax Act.
   (Various Section under the Income Tax Act requires the valuation to be done by the Registered Valuers under the Wealth Tax Act)
- Valuation to be done for the purpose of the SARFESI Act.
   (Under the SARFESI Act the valuation to be done by the Registered Valuers under the Wealth Tax Act)
- 5. Valuation for the purposes of Land Acquisition Act.
- 6. Valuation for the purpose of Various Stamp Duty Acts of Centre as well as States.
- 7. Valuation for the purpose of REITs (Real Estate Investment Trust), as per SEBI Guidelines.
- 8. Valuation for the purposes of innumerable Acts of centre as well as States, which for some or other purpose of the Act require valuation of Property, whether moveable or immovable. e.g. Enemy Property Act., Money Laundering Act., Benami Properties Act. etc. etc. etc. the list is endless.

### **Valuation By Practice**

- 1. Valuation for various Court Purposes. [Courts include Small Causes Courts, Family Courts, Metropolitan Courts, District Courts, High Courts and Supreme Court.]

  (To adjudicate various types of disputes relating to property, division of property among rightful claimants, to sell the attached property, to arrive at market value of various properties to charge court fees, to prove under valuation or over valuation, to grant probate/Letter of Administration etc. etc. etc.)
- 2. Valuation for DRT (Debt Recovery Tribunal) Purposes (To dispose off the attached property etc.)
- 3. Valuation for the purpose of Banks and financial institutions (for keeping the property as security against loan advanced, to sell off the attached property, for keeping additional property as security for enhanced loan, revaluation of property after certain time period)
- 4. Valuation of property to establish net-worth of an individual/person/firm/company.
- 5. Valuation of property for the purpose of making application for VISA to various countries to establish the payment capacity/Net worth.
- 6. Valuation of property for the purpose of settling dispute in the family or partnership firm or for the joint owners.
- 7. Valuation for the purpose of Mutual Funds to arrive at NAV.
- 8. Valuation for the purpose of Purchase/Sale/renting of property by Various Government and semi government Department thru Tender/Auction process.
- 9. Valuation for the purpose of Purchase/Sale/renting of property by Various Charitable Trusts thru Tender/Auction process.
- 10. Valuation for the purposes of Charity Commissioner.
- 11. Valuation for the Matters of Arbitration and Conciliation.
- 12. Valuation for the purposes of Various Tribunals, Forums established under the Act for dispute resolution.

- 13. Valuation for the purpose of Purchase/Sale/renting of property by private individuals from outside city / NRIs.
- 14. Valuation for the purpose of making a feasibility report of some business proposal.
- 15. Valuation of property or estimation of work done for the purpose of Tender.
- 16. Valuation of Shares for off market transactions/unlisted shares.
- 17. Valuation for the purpose of Due Diligence of a purchase proposal or making an offer.
- 18. Valuation for the various Government Departments like DGFT, Customs etc to dispose off various confiscated goods.
- 19. Valuation for the purpose of knowing current net worth of the business / reflecting the true value of property in Balance sheet by creating revaluation reserve.
- 20. Valuation of property for the purpose of making loan proposal to non financial institution entity.
- 21. Valuation of property to estimate rent/lease amount.
- 22. Valuation for the purpose of Insurance and Loss assessment.
- 23. Valuation for the purpose of making an offer for property.
- 24. Valuation for the purpose of estimating business viability. Decision relating to selling of business assets and putting the money in investment or continuing the existing business.
- 25. Valuation for the purpose of equally distributing the property among childrens / beneficiaries.
- 26. Valuation for various Crime Investigation Department of States and Centre like CBI, ED, CID, EOW to ascertain value of property for their crime investigation purposes.
- 27. Valuation for the purpose of knowing the cost of construction / estimate of the work done.

Note: There are many more purposes, sub-purposes among the purposes noted above and mix of purposes and there can be so many permutation of combinations among above that the list can be endless. However we have listed out the most broad purpose normally

prevalent in the market and what is known in the professional circle about the purpose of valuation. Above is only indicative of various purposes and actually the purposes are endless. The list under "Valuation By Practice" also includes the valuation sometimes required under the innumerable laws of centre and states, where there is no direct reference of valuation but to achieve the purpose of the act the valuation becomes necessary by logic.

# **Outsourcing**

Mr. Kirit P. Budhbhatti

I am a valuer registered under the Wealth Tax Act, 1957 for Immovable Property and Plant and Machinery.

A valuer has been appointed for an assignment directly by a client or he has been assigned the work through bidding. Under such circumstances if the valuer passes on entire assignment to a third-party entity and wants to earn profits/income and invites for bids/expression for work from such other valuers of the same asset class and is not involved in the assignment and the report is even issued by the third-party entity. Such an outsourcing should not be permitted with an intention to derive profits, however this should not be construed as profits or commission if the intention is to take assistance of the other valuer and the report is prepared and issued by the registered valuer solely in his own name to whom the assignment was in principally granted.

I give a few illustrations here to elaborate what should not be considered outsourcing.

#### Illustration - I

I carried out a valuation of tangible assets of lease hold land, specialized factory buildings and plant and machinery for a specific industry of an industrial plant which was very well laid out with all the brand-new latest assets and not suffering from any imbalances in different production sections. There were no bottle necks in the production sections and technical layout was excellent state of art technology. The plant was only three years old on the date of valuation. The total investment was about Rs.50 crore in the assets under consideration and book value of all the assets as on date of valuation was about Rs.35 crore. We worked out current replacement, depreciation for wear and tear and depreciated replacement cost as on date of valuation which worked out Rs.55 crore in existing use in situ (value of assets under consideration for the existing use at current location). While going through the records of actual production in last three years, it was found that it was 50% in first two years and only 25% of the installed capacity in the third year.

### We advised the client as under:

- (a) The plant is very well laid out with all the brand-new latest assets and not suffering from any imbalances in different production sections. There are no bottlenecks in the production sections and technical layout is excellent state-of-the-art technology. But as the actual production is much less than the installed capacity since inception and in last year it is only 25%, it is necessary to find out the reasons for the same and for that market survey of the product will be required to be done.
- (b) It may be also necessary to carry out valuation under following different scenario:
  - (i) the use of machinery for the same product at the different locations and for this purpose, it will be necessary to dismantle the assets from current location and install at different locations. This is known as value in existing use in ex situ.
  - (ii) the use of machinery for the different products (alternative uses) at the current location. This is known now as value in alternative use in situ.
  - (iii) the use of machinery for the alternative product at different location. It is known as value in alternative use in ex situ.

- (c) If the machineries are to be installed at different locations and for different products, then it will be necessary to examine the utility of existing land and buildings and cost of balancing equipment if alternative product is to be manufactured.
- (d) The depreciated replacement cost worked out by us is not the market value; as prima-facie it appears that the assets are suffering from economic obsolescent and for estimation of economic obsolescence it necessary which will require market study of the product and projection of income for 8-10 years will have to be made to ascertain potential profitability.

For all the above purposes, the services of experts from the different fields are required. The services of these experts should not be considered outsourcing.

#### Illustration - II

The clients appointed us to carry out the valuation of land, buildings and plant and machinery near Bhuj affected due to earthquake. Onsite inspection, we found that the damage was very heavy. Ground movements indicated the possibility of variation and disturbance in the geotechnical properties of the soil subgrade. It was noticed that the soil underwent consolidation and confinement during earthquake motion propagation. This means treatment to even land was required forget about repairs to buildings and plant and machinery. We had to take the services of structural engineer to quantify damage to land and buildings, experts from production machinery, electrical engineering, refrigeration and air conditioning to quantify damage to various equipment. The services of the structural engineer should not be considered outsourcing.

#### Illustration - III

The client appointed us to carry out valuation of following assets of tea gardens held by them in North (Assam)and South

- Land
- Plantation
- Factory, administrative, residential and other buildings, roads, tanks etc.
- Plant and machinery
- Electrical installations
- Vehicles

Before commencing valuation of any assets, it becomes very essential for valuers to find out how the assets are traded in the market. Otherwise it will give wrong result.

I came across an interesting phenomenon in the market for valuation of tea gardens in Assam and Southern India. In Assam, tea gardens are sold on the basis of price per kilogram of made tea in auction of that garden. As for example, if garden produces 100,000 kilograms and the auction price of the tea of the same garden is say Rs.300 per kg, then value of garden is Rs.3 crore for land, plantation, building, garden, plant & machinery, road, labour quarters, well, etc. Whereas in Southern India, tea gardens are sold per acre of total land and that value includes value of land, plantation, all types of buildings, machinery etc. inclusive of all tea producing infrastructure.

For this purpose, an expert in the tea garden was consulted. The services of the consultant should not be considered outsourcing.

#### Illustration - IV

We were involved in valuation of a Beer manufacturing and it is governed by the Industries (Development and Regulation) Act, 1951. It is a scheduled industry falling under section 3(1) of the said Act and specified in First Schedule of the Act under "Fermentation Industries."

We had a meeting with the Joint Director and Under Secretary, Department of Industrial Policy and Promotion, Ministry of Industries, Government of India and other officers to ascertain the policy of the Government for establishing new breweries and expansion of the existing breweries. The officers were kind enough to explain the issue. It was pointed out by them that the Supreme Court of India in the matter of Bihar Distillery & Anr. Vs. Union of India & Ors., reported at 1997 - (084) AIR 1208 SC (decided on 29th January 1977) has held that industries engaged in manufacture of potable liquors are under state control, whereas industries engaged in production of industrial alcohol are controlled by the Union Government. In the matter of Government of Haryana & Ors. Vs. Haryana Brewery Ltd. & Anr. reported at 1997 (005) – SCC-0758-SC – the Supreme Court of India (decided on 11 March 1997 has held that since the various decisions of the Supreme Court project different points of view, it is necessary to evolve a coherent and effective formula so that the Union and the State should know what are their respective powers and jurisdiction. Accordingly, the matter has been referred to the Constitution Bench of the Supreme Court. After the above decisions, the matter has not moved further and is still pending before the Supreme Court of India and, hence, the officers informed that neither the establishment of new breweries nor expansion of the existing breweries is permitted.

We advised the clients to thoroughly examine this aspect as it has a direct bearing on the future cash flows from brewing operations. In case of plant and machinery valuation it is very essential to outsource the information from machinery dealers, suppliers etc. who are not plant and machinery valuers. Information on non-recoverable taxes, custom duties for imported machines at times it becomes essential to consult the advisors in these areas. The services of the advisors should not be considered outsourcing.

### **Other Illustrations**

A few examples of information to be outsourced by a valuer of real estate:

- In Pradhan Mantri Yojana, benefits available need to be properly accounted which requires help from a CA for taxation point of view.
- For bank finance for large development project having huge land, it is very important to identify the maximum FSI that can be used for which massing of buildings would be required and for that architecture's services is essential.
- In large construction project for survey of reservation, road, etc., help of land surveyor is required.
- For bank finance for large construction project, market research for demand for development to be carried out is required and for that services requires to be outsourced by a valuer.

The services of CA, Architect, Surveyor, market research, etc. should not be considered outsourcing.

#### SAMPLE OF DISCLAIMERS

- Mr. Varun Gupta

### **Basis of preparation**

- Reliance on information provided by the Client: The work has been based on financial information provided by the Management (the RP and the RP team). I/we have relied on the accuracy and completeness of that financial information. Regarding the information provided, I/we have not carried out any form of audit, due diligence, investigation, independent confirmation or verification of the reliability, accuracy or completeness of the information. Accordingly, I/we do not assume any responsibility and make no representations with respect to the accuracy or completeness of the information provided.
- Unavailability of information as of Valuation Date: Please note that the Liquidation Value and Fair Value of assets of the Company have been performed as of an earlier date based on the provisional unaudited standalone balance sheet of [Company] provided by Management (the RP) as of the Valuation Date. On the other hand, no financial information as of the Valuation Date was available for Subsidiaries and Associates, hence we have relied on the latest available financial statements. The Management / RP has also confirmed that there has not been any material change in the financials of Subsidiaries and Associates since the last available financial statements. Hence, due to the lack of financials as of the Valuation Date and based on representation given by the RP, I /we have considered financials as of XXX as the proxy for the financial position as of the Valuation Date.
- **Post Valuation Date Events**: The Liquidation Value and Fair Value of assets of the Company have been performed as of Valuation Date. Economic conditions, market factors and performance change may result in the conclusions becoming quickly outdated.
- Range of Value Estimate: The valuation of companies and assets is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the RP's request, we have provided a single value for the overall Liquidation Value and Fair Value of the assets of [Company], which is an arithmetic average of the range of Liquidation and Fair Values. Whilst, I / we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
- **Definition and Premise of Value:** It should be noted that Liquidation Value could be significantly different from Fair Value or fair market value. Further, Liquidation Value in an orderly sale can be very different from Liquidation Value in a fire sale transaction, and Liquidation Value of a single machine or any individual asset on a standalone basis could be very different from Liquidation Value of a single machine or any individual asset as part of the entire plant and machinery. As such, the premise of Liquidation Value for the said purpose in this report is Liquidation Value of the assets on a standalone basis (in most cases) or in some cases group of assets in an orderly sale.

- Use and Purpose of Our Valuation Report: This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this report, and the use of the report is restricted to the Client for the purpose indicated in our engagement letter. This restriction does not preclude the Client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. I/we do not take any responsibility for the unauthorized use of this report.
- **Distribution of Our Valuation Report:** Unless required by law it shall not be provided to any third party or used for any other purpose. In no event, regardless of whether consent has been provided, shall I / we assume any responsibility to any third party to which the report is disclosed or otherwise made available.
- **Indemnification not provided:** I/ we expressly disclaim all liability for any loss or damage of whatever kind which may arise from any person acting on any information and estimates contained in this report which are contrary to the stated purpose.

### **Assumptions & Limiting Conditions**

This service was performed with the following general assumptions and limiting conditions.

- **Audit service not provided:** Our valuation report of valuation services does not constitute an audit in accordance with auditing standards.
- Reliance on information provided by Client: We have relied on explanations and information provided by Management and accepted the information and projections provided to us as true and accurate. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material miss-statements or would not afford reasonable grounds upon which to base the report.

The responsibility for forecasts and the assumptions on which they are based is solely that of the Management. It must be emphasized that revenue and profit forecasts necessarily depend upon subjective judgment. They are to a greater or lesser extent, according to the nature of the business and the period covered by the forecasts, subject to substantial inherent uncertainties. In consequence, they are not capable of being audited or substantiated in the same way as financial statements, which present the results of completed periods. We have relied on Management judgment and has not done in-depth market assessment.

- Access to limited information on subject business: Our valuation is primarily from a business
  perspective and has not considered various legal and other corporate structures beyond the limited
  information made available. The scope of work has been limited both in terms of the areas of the
  business and operations which have been reviewed. There may be matters, other than those noted
  in this report, which might be relevant in the context of the transaction and which a wider scope
  might uncover.
- **Reliance on data from external sources:** We have relied on data from external sources. These sources are considered to be reliable and therefore, we assume no liability for the truth or accuracy

of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure the accuracy of such data and that such data has been accurately and correctly extracted from those sources and /or reproduced in its proper form and context.

- **Continuity of subject business:** We have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.
- **Post Valuation Date Events**: This report is issued on the understanding that Management of [Company] has drawn our attention to all matters of which they are aware concerning the financial position of the businesses appraised, which may have an impact on this report up to the date of issue. We have no responsibility to update this report for events and circumstances occurring after the Valuation Date.
- Independent Third Party: We have acted as an independent third party and, as such, shall not be considered an advocate for any concerned party should any dispute arise. The valuation has been carried out independently to assess the valuation services. We have no present or planned future interest in [Company] or any of its group companies and the fee for this report is not contingent upon outcome of the transaction. Our Valuation should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with [Company].
- Valuation assumptions made by us: We have made certain assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, this exercise that has not been verified as part of the engagement but rather, treated as "a supposition taken to be true". If any of these Assumptions prove to be incorrect then our estimate on value will need to be reviewed.
- **Distribution of our Valuation Report:** This report has been prepared exclusively for the Client for the purpose as set out above, and accordingly the report should not be used, reproduced, circulated or relied upon by, whether in whole or in part nor confer any benefit to, any other person.

These are the conditions and assumptions upon which our reports are normally prepared and form an integral part of the appointment together with the related Engagement Letter and Terms of Engagement. These conditions and assumptions apply to the report that is the subject of this instruction.



# List of Contraventions for Registered Valuers As

# Developed on the basis of List of Contraventions for Chartered Accountants



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up under an Act of Parliament)

### The Institute of Chartered Accountants of India



### **List of Contraventions for Registered Valuers**

The Professional and Other Misconducts shall be enumerated in the ...... Act under various clauses given under twin Schedules i.e., **First Schedule and the Second Schedule**.

Any act of any member falling under the provisions of any one or more clauses of any of these two schedules is considered as Professional and/or other misconduct.

# The details of the contraventions are provided below:

### I. First Schedule

The list of contraventions specified under the **First Schedule** is as follows:-

# PART I: Professional misconduct in relation to Registered Valuers/ RVE/ LLP/ Company

A registered valuer shall be deemed to be guilty of professional misconduct, if he -

- (1) allows any person to practice in his name as a registered valuer
- (2) pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his professional business, to any person other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner, or a member of any other professional body or with such other persons having such qualifications as may be prescribed, for the purpose of rendering such professional services from time to time in or outside India.
  - Explanation In this item, "partner" includes a person residing outside India with whom a registered valuer in practice has entered into partnership which is not in contravention of item (4) of this Part;
- (3) accepts or agrees to accept any part of the profits of the professional work of a person who is not a member of the Institute: Provided that nothing herein contained shall be construed as prohibiting a member from entering into profit sharing or other similar arrangements, including receiving any share commission or brokerage in the fees, with a member of such professional body or other person having qualifications, as is referred to in item (2) of this Part;
- (4) enters into partnership, in or outside India, with any person other than a registered valuer in practice or such other person who is a member of any other professional body having such qualifications as may be prescribed, including a resident who but for his residence abroad would be entitled to be registered as a member under clause ... of sub-section ... of Section ... or whose qualifications are recognised by the Central Government or the Council for the purpose of permitting such partnerships;
- (5) secures, either through the services of a person who is not an employee of such registered valuer or who is not his partner or by means which are not open to a registered valuer, any professional business.





Provided that, nothing herein contained shall be construed as prohibiting any arrangement permitted in terms of items (2), (3) and (4) of this Part;

(6) solicits clients or professional work either directly or indirectly by circular, advertisement, personal communication or interview or by any other means.

Provided that, nothing herein contained shall be construed as preventing or prohibiting—

- (i) any registered valuer from applying or requesting for or inviting or securing professional work from another registered valuer in practice; or
- (ii) a member from responding to tenders or enquiries issued by various users of professional services or organisations from time to time and securing professional work as a consequence;
- (7) advertises his professional attainments or services, or uses any designation or expressions other than registered valuer on professional documents, visiting cards, letter heads or sign boards, unless it be a degree of a University established by law in India or recognised by the Central Government or a title indicating membership of the Institute or of any other institution that has been recognised by the Central Government or may be recognised by the Council.

Provided that a member in practice may advertise through a write up setting out the services provided by him or his firm and particulars of his firm subject to such guidelines as may be issued by the Council;

- (8) accepts a position as registered valuer previously held by another registered valuer without first communicating with him in writing;
- (9) accepts an appointment as registered valuer without first ascertaining from it whether the requirements of this Act in respect of such appointment have been duly complied with;
- (10) charges or offers to charge, accepts or offers to accept in respect of any professional employment, fees which are based on a percentage of profits or which are contingent upon the findings, or results of such employment, except as permitted under any rules/ regulation made under this Act;
- (11) engages in any business or occupation other than the profession of registered valuer unless permitted by the Council so to engage.
  - Provided that, nothing contained herein shall disentitle a registered valuer from being a director of a company (not being a managing director or a whole-time director) unless he or any of his partners is interested in such company as a registered valuer;
- (12) allows a person not being a member of the Institute in practice, or a member not being his partner to sign on his behalf or on behalf of his firm, any Valuation Report/Opinion/ Certificate.





# PART II: Professional misconduct in relation to members of the Institute in service – (Not allowed for Registered Valuers)

A member of the Institute (other than a member in practice) shall be deemed to be guilty of professional misconduct, if he is being an employee of any company, firm or person—

- (1) pays or allows or agrees to pay directly or indirectly to any person any share in the emoluments of the employment undertaken by him;
- (2) accepts or agrees to accept any part of fees, profits or gains from a lawyer, a chartered accountant or broker engaged by such company, firm or person or agent or customer of such company, firm or person by way of commission or gratification.

# PART III: Professional misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

- (1) not being a fellow of the Institute, acts as a fellow of the Institute;
- (2) does not supply the information called for, or does not comply with the requirements asked for, by the Institute, Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, or the Appellate Authority;
- (3) while inviting professional work from another registered valuer or while responding to tenders or enquiries or while advertising through a write up, or anything as provided for in items (6) and (7) of Part I of this Schedule, gives information knowing it to be false.

#### PART IV: Other misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he—

- (1) is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term not exceeding six months;
- (2) in the opinion of the Council, brings disrepute to the profession or the Institute because of his action whether or not related to his professional work.

#### II. Second Schedule

The list of contraventions specified under the **Second Schedule** are as follows:-

### PART I: Professional misconduct in relation to Registered Valuers in practice

### The Institute of Chartered Accountants of India



A registered valuer in practice shall be deemed to be guilty of professional misconduct, if he-

- (1) discloses information acquired during his professional engagement to any person other than his client so engaging him, without the consent of his client or otherwise than as required by any law for the time being in force;
- (2) certifies or submits in his name, or in the name of his firm/ LLP/ company, the valuation report unless the examination of records/ due process has been made/ undertaken by him or by a partner or an employee in his firm/ LLP/ company or by another registered valuer in practice;
- (3) permits his name or the name of his firm/ LLP/ company to be used in connection with an estimate of earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast;
- (4) undertakes valuation of any business or enterprise in which he, his firm, or a partner in his firm has a substantial interest;
- (5) fails to disclose a material fact known to him in a professional capacity;
- (6) fails to report a material misstatement known to him which he is concerned in a professional capacity;
- (7) does not exercise due diligence, or is grossly negligent in the conduct of his professional duties;
- (8) fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion;
- (9) fails to invite attention to any material departure from the generally accepted procedure of valuation applicable to the circumstances;
- (10) fails to keep moneys of his client other than fees or remuneration or money meant to be expended in a separate banking account or to use such moneys for purposes for which they are intended within a reasonable time.

# PART II: Professional misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

- (1) contravenes any of the provisions of this Act or the rules or the regulations made thereunder or any guidelines issued by the Council;
- (2) being an employee of any company, firm or person, discloses confidential information acquired in the course of his employment except as and when required by any law for the time being in force or except as permitted by the employer;



# The Institute of Chartered Accountants of India

- (3) includes in any information, statement, return or form to be submitted to the Institute, Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, or the Appellate Authority, any particulars knowing them to be false;
- (4) defalcates or embezzles moneys received in his professional capacity.

# PART III: Other misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term exceeding six months.





# **PENALTIES**

Board of Discipline constituted under section ..... has the power to impose a maximum monetary fine of Rs. One lac besides removing the member for a maximum period of 3 months while Disciplinary Committee constituted u/s ..... has the power to impose maximum monetary fine of Rs. 5 lacs besides removing the member for life time.

The minimum punishment in both the above cases is to reprimand.



### **Penalties to be provided in the Act**

### Section 24. Penalty for falsely claiming to be a member, etc.

Any person who -

- (i) not being a member of the Institute
  - a) represents that he is a member of the Institute; or
  - b) uses the designation Registered Valuer; or
- (ii) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practises as a registered valuer, shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months or with fine which may extend to five thousand rupees, or with both.

# Section 24A. Penalty for using name of the Council, awarding registration as a registered valuer or degree as a registered valuer, etc.

- (1) Save as otherwise provided in this Act, no person shall—
  - use a name or the common seal which is identical with the name or the common seal of the Institute or so nearly resembles it as to deceive or as is likely to deceive the public;
  - (ii) award any degree, diploma or certificate or bestow any designation which indicates or purports to indicate the position or attainment of any qualification or competence similar to that of a member of the Institute; or
  - (iii) seek to regulate in any manner whatsoever the profession of registered valuers .
- (2) Any person contravening the provisions of subsection (1) shall, without prejudice to any other proceedings which may be taken against him, be punishable with fine which may extend on first conviction to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.

# Section 25. Companies not to engage in accountancy — Not applicable in case of valuation as a company is allowed to practice as a registered valuer

### Section 26. Unqualified persons not to sign documents

- (1) No person other than a member of the Institute shall sign any document on behalf of a registered valuer in practice or a firm/ LLP/ company of such registered valuers in his or its professional capacity.
- (2) Any person who contravenes the provisions of sub-section (1) shall, without prejudice to any other proceedings, which may be taken against him, be punishable on first conviction with a fine not less than five thousand rupees but which may extend to one

### The Institute of Chartered Accountants of India



lakh rupees, and in the event of a second or subsequent conviction with imprisonment for a term which may extend to one year or with fine not less ten thousand rupees but which may extend to two lakh rupees or with both.

#### Section 27. Maintenance of branch offices

- (1) Where a registered valuer in practice or a firm/ LLP/ company of such registered valuers has more than one office in India, each one of such offices shall be in the separate charge of a member of the Institute:
  - Provided that the Council may in suitable cases exempt any registered valuer in practice or a firm/ LLP/ company of such registered valuers from the operation of this subsection.
- (2) Every registered valuer in practice or a firm/ LLP/ company of such registered valuers maintaining more than one office shall send to the Council a list of offices and the persons in charge thereof and shall keep the Council informed of any changes in relation thereto.

### **Section 28. Sanction to prosecute**

No person shall be prosecuted under this Act except on a complaint made by or under the order of the Council or of the Central Government.

# Taken from Section 247 of the Companies Act, 2013 and Companies (Registered Valuers and Valuation) Rules, 2017

#### **Punishment for false statement.**

If in any report, certificate or other document required by, or for, the purposes of any of the provisions of the Act or the rules made thereunder or these rules, any person makes a statement,—

(a)which is false in any material particulars, knowing it to be false; or (b)which omits any material fact, knowing it to be material,

he shall be liable under section 448 of the Companies Act, 2013

# Punishment for contravention of provisions. -

If a valuer contravenes the provisions of this Act or the rules made thereunder, the valuer shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees:

Provided that if the valuer has contravened such provisions with the intention to defraud the company or its members, he shall be punishable with imprisonment for a term which may extend to one year and with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.



# The Institute of Chartered Accountants of India

Where a valuer has been convicted above, he shall be liable to—

- (i) refund the remuneration received by him to the company; and
- (ii) pay for damages to the company or to any other person for loss arising out of incorrect or misleading statements of particulars made in his report.

# Punishment where no specific penalty or punishment is provided. -

If any person contravenes any of the provisions of this Act or the rules or regulations made thereunder for which no penalty or punishment is provided in this Code, such person shall be punishable with fine which shall not be less than one lakh rupees but which may extend to two crore rupees.]

# <u>A LIST OF UNDERGRADUATE AND POST-GRADUATE COURSES IN VALUATION</u> (NOT EXHAUSTIVE) IN SELECT GEOGRAPHIES

- Compilation by Mr. Amit Sahu

COURSE NAME	UNIVERSITY	PART/FULL TIME			
	AUSTRALIA				
Bachelor - Business (Property)	University of South Australia	FT, PT			
Bachelor - Commerce (Property	Curtin University	FT, PT			
and Finance)		,			
Bachelor - Commerce (Property	Curtin University	FT, PT			
and Marketing)		ŕ			
Bachelor - Commerce (Property	Curtin University	FT, PT			
Development and Valuation)					
Bachelor - Commerce (Property	Curtin University	FT, PT			
Valuation)	·				
Bachelor – Property	Bond University	FT, PT			
Bachelor - Property and Real	Deakin University	FT, PT			
Estate	-				
Bachelor - Property and Real	Deakin University	FT, PT			
Estate / Bachelor of Commerce	•				
Bachelor - Property and Real	Deakin University	FT, PT			
Estate / Bachelor of Laws	·				
Bachelor of Applied Science -	RMIT University	FT, PT			
Property and Valuation					
Bachelor - Property Economics	University of Technology, Sydney	FT, PT			
Bachelor - Urban Development	Queensland University of Technology	FT, PT			
(Property Economics)					
Master – Property	University of Melbourne	FT, PT			
Master - Property and	University of New South Wales	FT, PT			
Development					
Masters - Property Development	University of Technology, Sydney	FT, PT			
Master - Valuation and Property	Bond University	FT, PT			
Development					
Master - Valuation and Property	Bond University	FT, PT			
Development (Professional)					
	CANADA				
Bachelor of Commerce - with	University of British Columbia	FT			
Real Estate Option					
Master 2 Continue to Chilin	FRANCE	ET			
Master 2 - Gestion et Stratégie de	Université Paris	FT			
l'investissement immobilier et de					
la construction (GESIIC)	Wadaa Daninaaa Cahaat Dania	DT			
Mastère - Gestion Patrimoniale et	Kedge Business School, Paris	PT			
de l'Immobilier	Huissansité Danis	DT			
Diplôme d'Etudes Supérieures -	Université Paris	PT			
Immobilier d'Entreprise					

Mastère Spécialisé - Maîtrise	ESTP - Ecole Spéciale des Travaux Publics,	PT
d'Ouvrage et Gestion Immobilière	du Bâtiment et de l'Industrie	
(MOGI)	du Butiment et de l'industrie	
Master - Management Immobilier	ESSEC Business School, Paris	PT
MSc - Management with Real	ESSEC Business School, Paris	FT
Estate	ESSEC Business School, Luris	
Advanced Master - Urban and	ESSEC Business School, Paris	PT
Real Estate Management (MUI)	ESSEC Business School, Luris	
Treat Estate Management (MET)		
	GERMANY	
Bachelor - International Real	TH Aschaffenburg University of Applied	FT
Estate Management	Sciences	
BSc - Real Estate Economics and	HAWK - Hochschule für Angewandte	FT
Management	Wissenschaft und Kunst,	
	Hildesheim/Holzminden/Göttingen	
BSc - Real Estate Studies	Hochschule für Wirtschaft und Umwelt	FT
	Nürtingen-Geislingen	
Diplom-Immobilienökonom / in -	ADI Akademie der Immobilienwirtschaft	PT
Kontaktstudium	GmbH	
Immobilienökonomie		
PgDip - Immobilienökonomie	IREBS International Real Estate Business School	PT
Kontaktstudium -	EBS Universität für Wirtschaft und Recht	PT
Immobilienökonomie		
(Immobilienökonom (EBS)		
MBA - International Real Estate	Hochschule Biberach	PT
Management		
MSc - Real Estate	EBS Universität für Wirtschaft und Recht	FT
MSc - Real Estate	IREBS/University of Regensburg	FT
MSc - Real Estate Management	HAWK - Hochschule für Angewandte	FT
5	Wissenschaft und Kunst,	
	Hildesheim/Holzminden/Göttingen	
Master of Arts - Real Estate	EBZ Business School GmbH	PT
Management		
MBA - Real Estate Management	BBA Berlin-Brandenburgische Akademie der Immobilienwirtschaft e.V.	PT
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	INDIA	1
BBA - Real Estate and Urban	Amity University – Noida	FT
Infrastructure	A to TT to the NT to	D.T.
MBA - Real Estate and Urban	Amity University – Noida	FT
Infrastructure		Dr
MSc - Real Estate Valuation	Anna Malai University	DL
Master of Valuation	CMJ University	FT
Master of Valuation (Real Estate)	Sardar Patel University	FT
Master of Valuation (Plant &	Sardar Patel University	FT
Machinery)		
Master of Valuation (Real Estate)	Shivaji University	DL
	MALAYSIA	
Bachelor Hons - Estate	University of Malaya	FT
Management  Pachalan Estata Management	Haivonsiti Talmala si Mass	ET DT
Bachelor - Estate Management (with Honours)	Universiti Teknologi Mara	FT, PT

Bachelor of Science Hons -	Haivonoiti Tolmologi Molovoia	FT
	Universiti Teknologi Malaysia	FI
Property Management BSc Hons - Real Estate	University of Reading	FT
BSc Hons - Real Estate	Liverpool John Moores University	FT
Management and Development	Liverpoor John Woores University	ГІ
Master - Real Estate	University of Malaya	FT
MSc - Real Estate Investment and	Heriot-Watt University	PT
Finance	Tierrot- watt Offiversity	1 1
1 manec		
	SINGAPORE	
BSc Hons - Real Estate	Birmingham City University	PT
BSc Hons - Real Estate	Liverpool John Moores University	PT
BSc Hons - Real Estate	National University of Singapore	FT
MSc - Real Estate	National University of Singapore	FT, PT
MSc - Real Estate Investment and	Heriot-Watt University	PT
Finance	Trainer was one or	
MSc - Real Estate Management	Heriot-Watt University	PT
and Development		
•		1
	UNITED KINGDOM	
BSc Hons - Investment and	University of Reading	FT
Finance in Property		
BA Hons Tripos - Land Economy	University of Cambridge	FT
BSc Hons - Property and Real	University of Salford	FT
Estate		
BSc Hons - Property	University of Portsmouth	FT
Development		
BSc Hons - Property Finance and	Nottingham Trent University	FT
Investment		
BSc Hons - Property	University of Wolverhampton	FT, PT
Management and Real Estate	771 . 77 .	ET DE
BSc Hons - Real Estate	Ulster University	FT, PT
BSc Hons - Real Estate	Birmingham City University	FT, PT
BSc Hons - Real Estate	Liverpool John Moores University	FT, PT
BSc Hons - Real Estate	University of Westminster	FT, PT
BSc Hons - Real Estate	Northumbria University	FT, PT
BSc Hons - Real Estate	Nottingham Trent University	FT, PT
BSc Hons - Real Estate	Glasgow Caledonian University	FT, PT
BSc Hons - Real Estate	Royal Agricultural University	FT, PT
BSc Hons - Real Estate	University of Reading	FT, PT
BSc Hons - Real Estate	University of Portsmouth	FT, PT
BSc Hons - Real Estate	Sheffield Hallam University	FT, PT
BSc Hons - Real Estate	University of the West of England	FT, PT
BSc Hons - Real Estate and	Leeds Beckett University	FT, PT
Property Management	Winnerton Hoises it	ET
BSc Hons - Real Estate	Kingston University	FT
Management  Deal Fatata	Hairranity Callery CE 444 M	ET DT
BSc Hons - Real Estate	University College of Estate Management	FT, PT
Management Pool Fototo	Via satas Hairassites	ET
BSc Hons - Real Estate	Kingston University	FT
Management with Business		
Experience		

BSc Hons - Real Estate	Edinburgh Napier University	FT, PT
	Edinburgh Napier University	F1, P1
Surveying BSc Hons - Rural Land	Royal Agricultural University	FT
Management	Royal Agricultural Oniversity	1.1
BSc Hons - Urban Planning and	University College London	FT
Real Estate	Oniversity Conege London	ГІ
MA Hons - Real Estate	University of Aberdeen	FT
	Nottingham Trent University	FT, PT
MSc - Building Surveying	University of Aberdeen	FT
MA Hons - Management and Real Estate	Oniversity of Aberdeen	ГІ
Masters - Planning and Real	University of Manchester	FT
Estate	Oniversity of ividicilester	1.1
MSc - Commercial Building	Liverpool John Moores University	FT, PT
	Liverpoor John Woores University	Г1,Г1
Surveying MSc - Finance and Real Estate	University of Abandaan	FT
MSc - International Real Estate	University of Glasgow	FT, PT
	University of Glasgow	F1, F1
and Management MSc - International Real Estate	Nottingham Trant University	FT, PT
Investment and Finance	Nottingham Trent University	F1, F1
MSc - Property Development and	Nottingham Trant University	FT, PT
Planning	Nottingham Trent University	F1, F1
MSc - Property Finance	University of Westminster	ET DT
	University of Westminster Liverpool John Moores University	FT, PT FT, PT
MSc - Quantity Surveying and	Liverpool John Woores University	F1, F1
Commercial Management MSc - Real Estate	Linivagaity of Chaffield	FT
	University of Sheffield	FT, PT
MSc - Real Estate	Ulster University	PT
MSc - Real Estate	University of Manchester	
MSc - Real Estate	University of Aberdeen	FT
MSc - Real Estate	Kingston University	FT, PT
MSc - Real Estate	Liverpool John Moores University	FT, PT
MSc - Real Estate	University of London	FT
MSc - Real Estate	Northumbria University	FT, PT
MSc - Real Estate	Nottingham Trent University	FT, PT
MSc - Real Estate	University of Glasgow	FT, PT
MSc - Real Estate	University of Greenwich	PT
MSc - Real Estate	Royal Agricultural University	FT, PT
MSc - Real Estate	University of Reading	FT
MSc - Real Estate	University College of Estate Management	FT
MSc - Real Estate	Oxford Brookes University	FT
MSc - Real Estate	Sheffield Hallam University	FT, PT
MSc - Real Estate	London South Bank University	FT, PT
PG Diploma - Real Estate	London South Bank University	FT, PT
MSc - Real Estate (International)	Northumbria University	FT
MSc - Real Estate and Planning	Heriot-Watt University	FT, PT
MSc - Real Estate and Property	University of Salford	FT
Management		
MSc - Real Estate Asset	University of Manchester	FT, PT
Management		
MSc - Real Estate Development	University of Manchester	FT, PT
MSc - Real Estate Development	University of Westminster	FT, PT
MSc - Real Estate Development	II. ' ' f C	ET DT
and Investment	University of Greenwich	FT, PT

MSc - Real Estate Economics and	London School of Economics and Political	FT, PT	
Finance	Science		
MSc - Real Estate Finance	University of Reading	FT	
MSc - Real Estate Finance and	University of the West of England	FT, PT	
Investment			
MSc - Real Estate Investment	University of London	FT	
MSc - Real Estate Investment and	Heriot-Watt University	FT, PT	
Finance			
MSc - Real Estate Investment and	University of Reading	PT	
Finance			
MSc - Real Estate Management	Birmingham City University	FT, PT	
PgDip – Real Estate Management	Birmingham City University	FT, PT	
MSc - Real Estate Management	Glasgow Caledonian University	FT, PT	
MSc - Real Estate Management	University of Portsmouth	FT, PT	
MSc - Real Estate Management	University of the West of England	FT, PT	
MSc - Real Estate Management	Heriot-Watt University	FT, PT	
and Development			
MSc - Real Estate Management	Edinburgh Napier University	FT, PT	
and Investment			
MSc - Real Estate Planning and	University of Sheffield	FT	
Development			
MSc - Rural Estate Management	Royal Agricultural University	FT, PT	
MSc – Surveying (Real Estate)	Northumbria University	PT	
PgDip - Urban Planning and	University of Reading	FT	
Development			
MSc - Urban Regeneration	Sheffield Hallam University	FT, PT	
UNITED STATES OF AMERICA			
BBA - Real Estate	University of Wisconsin	FT	
MS - Real Estate	New York University	FT, PT	
MBA - Real Estate	University of Wisconsin	FT	

FT: Full Time; PT: Part Time; DL: Distance Learning