

# TIMES PROPERTY

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## JANTRI JOSTLES

Revision in Jantri rates could hinder the launch of real estate projects, while in existing under-construction projects, a drop in demand will ultimately affect the construction industry and all other industries directly or indirectly dependent on construction and real estate

Jantri is the ready reckoner rates (RR) for real estate decided by the Government. The ready reckoner is mostly used to work out the market value of land, flats, shops, offices etc for the purpose of calculating stamp duty and registration charges. The Government of Gujarat has revised the jantri recently. As for urban areas like Ahmedabad and Surat, every square kilometre has been further sub-divided into value zones, with each value zone having a different jantri. Jantri is one of the main sources of revenue generation for the state government.

Today, in Gujarat, real es-

tate business is at its peak. Right from big cities to small growing urban centers, real estate development is taking place in and around cities/urban centers. This development momentum has resulted in the increase in the frequency of property transactions. Property prices are registering new peaks year on year. Along with genuine real estate buyers, many people are involved in property trading to generate quick money gains (realty price speculators). This has made owning a house in cities like Ahmedabad a dream for the common man. The frequency of property transactions is such that while during 2010-11, a total

stamp duty of Rs 3,500 crores was collected by the state government, it is estimated that in the next 12 months, it will probably increase by yet another Rs 1,500 crore, reaching Rs 5,000 crore.

The new Jantri rates came into force from April 1. Particularly in Ahmedabad, in several areas, the rate hike is upto 6 to 12 times. In various suburban areas, the land jantri rate has been increased by near-

ly 10 to 12 times. Besides introducing a steep hike in the jantri rates for land, the state government has almost doubled its rates for estimated construction cost of different properties. In this situation, the new developing projects have been hit. The reason behind this is because the developers have already taken bookings, while possession of premises is yet to be given. The new jantri rates will be applicable to all un-

der-construction projects which will be a costly affair for property buyers. Buyers will have to pay stamp duty and registration charges for their property as per the new jantri rates. e.g. In posh localities like Prahladnagar and Satellite for owning an ultra luxurious home one will have to bear an additional cost of Rs 5-7 lacs. In cities like Ahmedabad, property rates have sky rocketed. Any extra burden will tend

to generate negative sentiments among the property buyers and investors. Developers may have to face cancellation of bookings and investors may ask for their money back. It will create the worst and a least wanted scenario for developers. Thousands of under construction apartments, shops, offices etc are at stake in Ahmedabad.

At many places the new jantri rates that have been fixed are not digestible.



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There are several instances in the state where new rates are higher compared to the existing market price. The new Jantri rates will change the market dynamics in coming time. The worst hit will be land which is under the new tenure and is subjected to payment of premium. The premium amount is 70-80% of Jantri rates. Hike in Jantri rates directly hike the amount of premium.

With new Jantri rates demand will be affected. The frequency of deals won't be much and the momentum shall slowdown. In this situation, new real estate projects are not likely to be launched and in existing under construction projects, a drop in demand will ultimately affect the construction industry and all other industries directly or indirectly dependent on construction and real estate. Because of this the Construction & Real estate industry could come to a standstill and this is a least wanted situation. All ancillary industries too will have to face consequences. Jantri rates need to be rationalised with the vision to encourage the property buyers and to increase the frequency of transactions.

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(The author is a city-based housing planner, civil engineer and lawyer)

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