Q-1 Mention any four purposes of valuation for which you would estimate "Market Value" of the property. OR

Explain property classification for various purpose with Suitable example ?

1) For Buying & Selling
2) For getting Bank loans / Security / Mortage
3) For Insurance Purpose
4) For Land acquisition
5) Town Planning
6) Rent fixation
7) Stamp duty
8) Court fees
9) Plant fixation.
10) For Companies
11) Fiscal purpose

1) <u>Buying & Selling :-</u>

To buy or to sell the property, people wants guide line or advise for Fair purchase or fair sale.

In case of Trust property it is must to contact valuer for valuation purpose also in case of corporate sector it is must.

2) <u>For getting Bank loans/ Security / Mortgage :-</u>

Any financial institution like bank requires some documentary proof to evaluate the market value of your assets or property as a security or mortgage against the amount of loan etc.

3) **<u>Insurance Purpose :-</u>**

To insure your assets by paying premium to the financial institution (Bank etc.) based on the advise of valuer with respect to Insurable value. The amount of premium depends on the Insurable value.

How much it cost if you replace the things after loss by hazardous.

4) **<u>Land acquisition :-</u>**

Land acquisition by Govt. to develop the project like Road, Dam, Canal, Highway road track or Industrial estate like GIDC it is prime necessary to get valuation of that particular land because it not ordinary sales and purchase.

To fix the compensation amount to the land holder for purchasing or acquiring the land, valuation by Govt. valuer is must.

Q-2 How would you differentiate 'Value' from the cost & the 'Price' Explain in brief with on example ?

1) **Cost :-** <u>Amount actually spent or incurred or required to construct or accrued for some goods and services called the cost</u>

e.g. The manufacturing amount required to manufacture the Thing/Product is called manufactures' cost.

2) **Prize :-** <u>Amount offered to Sale or Purchase the things or goods or services called the price.</u>

Here the purchaser decide how much price, he has to pay. Nos. of questions & analysis from buyer's side

- Like why one has to pay such amount ?
- How many same product brands are available in market etc.

3) **Value** The prizes of estimation, from buyer's side to purchase the commodity or assets by nos. of questions and analysis weather it is worth to purchase or not depends on its benefits.

Thus the estimate of the price what it ought to be usefulness or what benefit called the 'Value.'

Ultimately by doing nos. of exercise & analysis by buyers, the buyers unknowingly become valuer of the community.

Example:- If cost of the assets is 25 lacs & prize 32 lacs (Then 32 lacs is the cost for buyers) Buyers undergo to analysis based on the value estimate and after wards buyers place offer to seller. If buyers offer 29 lacs instead of 32 lacs then value comes as Rs. 29 lacs.

Q-3 Define 'Market Value' Explain meaning of any three terms used in the definition with suitable example of for each.

Market value is an estimated amount for which an asset should transfer on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, Prudently and without compulsion.

Willing buyers & Willing seller :-

Here the transaction is between willing buyer & willing seller. There is no compulsion on both the side both are making transaction with fully willingness No pressure to sell for seller & No compulsion from purchaser to purchase.

Arm's length transaction :-

Here the parties have not any bounding or connection or any relation. There is nothing like emotional factor which force the seller or buyer to make any unfair transaction.

Marketing :- Means both are free to make inquiries about the assets to be purchase or sold. Both get equal scope of experience.

Preduntly :- After properly study and making decision weather to go for transaction or not from both side.

Q-4 Explain following types of value in one or two sentences each.

(i) Distress value

(ii) Liquidation value

(iii) Salvage value

(iv) Special value

(v) Monopoly value

(vi) Scrap value

(vii) Going concern value

(i) Distress Value :-

When the seller is not willing to sell his/her assets but due to financial crises. If someone is under financial cries due to own financial problem and some internal problems lead to a feeling of Distress in the mind of seller and finally unwillingly he is forced to get out from the problem. He is bound to sell the assets under distress called distress value.

Here the missing terms are willingness of seller and enough time period to market the property.

(ii) Liquidation Value :-

When the liabilities of any company or corporate increases, dept increases, The company may not be solvent. If the property or assets are sold under Auction by either inviting tender or by the order of court, then such valuation is called Liquidation value of assets.

Liquidation again is of two types :-

1. Forced Liquidation – Limited time frame or short time to sell the subject property.
2 Orderly Liquidation – The assets are sold gradually allowing some more marketing period.

e.g. - Land & Building – 1st Phase

- Plant & M/C – 2nd Phase

- Scrape – 2nd or 3rd Phase

(iii) Salvage Value :-

The useful life or economical life is over in its present situation or if the present uses is over then the assets value is consider as salvage value. Assets. (Particularly Plant & M/C) is separated & sold in mouct, Physically it may be in good condition but in present use, it is surplus or not upgraded or out dated technology wise. Of course salvage value is more than the scrap value because it may be useful to other.

It has got useful life but economical life is over with respect to present situation of factory Plant & M/C.

(iv) Special Value :-

When the personal attachment is more or particular more attach to personal attachment there is one side colled Purchaser willingness is high then there is extra ordinary prize of the assets is valued called Special value.

It is applicable to individual not general market people.

Here the buyer give high value to get advise of purchasing neighour property or adjoins property or & avoid other purchaser or any one class.

(v) Monopoly Value :-

The assets have uniqueness in nature, high profile or say special quality, Locational advantages are very high or not availed such type of locational to other property, some special features which attracts more buyers to purchase then monopoly valuations comes in picture.

(vi) Scarp Value :-

When the physical life of assets is over, then it gets converted in the form of scrap. It is applicable in Plant and Machinery, Furniture or Building.

After spending huge amount if the assets can't perform or work, the life is over then it is treated as Scrap. Amount is realise after sale.

(vii) Going Concern Value :-

The value of entire business in running condition where there are nos. of contribution of all resources. Say land, building, Plant & M/C as a tangible items as well as non tangible like brand, trade mark, product pattern. Human resources etc.

In short running entire or ongoing business assets generating revenue (income) or profit potential.

Q-5 Enlist different factors affecting value of a property in four different groups.

The four factors affecting value of property are as below.

1) Physical / Technical
2) Economical
3) Legal
4) Social

1) Physical / Technical :-

The factors or the character of any property related to its outlook or say at a glance the structure of Building. We can list as below .

a) The condition of structure – Weather is sound or weak etc.
b) Size of the structure or say construction area.

c) The land condition - Weather the topography of land is at higher level with respect to surrounding or law level, which affects on monsoon time also the soil bearing capacity (SBC) of the soil.

d) The outlook or elevation treatment outside fining, color & maintenance.

e) The internal planning or Architecture involvement in arranging the room, facilities like toilet, kitchen etc.

In short the this type of characters are more related to internal factors.

2) <u>Economical :-</u>

The factors widely can be classified in to two categories.

a) Micro economics factor.

b) Macro economics factor.

a) Micro economics factor :-

This is mainly related to "demand & supply," law of market economics. If there are nos. of such types of building are available you here free to choose means supply is more then but nature demal is low or vice-a-versa.

b) Macro economics factor :-

It includes the rate of interest to be paid to any financial institutes like Bank etc on loan amount. The Govt. levy or taxation like transfer fees, Continues taxes like Municipal taxes on property or local body taxes like Co-Op. Society regular main tax & etc. or Govt. polices.

3) <u>Legal :-</u>

It is widely classified as follow

a) Title/Ownership

b) Tenure/ Holding

c) Occupancy (Self occupied or Rented)

d) Development control Regulation (DCR)

a) **<u>Title / Ownership</u> :-** Whether the seller is genuine or not that must be confirm by detail study of 7/12 Abstract, Tax Receipt of municipal corporation tax, OR electricity bill OR Telephone bill OR by inquires in govt. revenue record.

b) **<u>Tenure/ Holding</u> :-** Weather the property / Asset is free hold or lease hold.

   If it is free hold means full right to the owner with no limit of age. Owner is fully authorize to utilize at his wish.

   If the Property is lease hold, then the utilizing rights having some time limit. it may be 20 years, 50 year or 99 year depends on the lease deed.

c) **<u>Occupancy</u> :-**

   It is classified under categories like.

   A) **Self Occupied :-**

      High valued or no barrier.

   B) **Rented :-**

      B-1 Protected under rent act – Study of terms & condition is most required. Legal opinion of advocate etc.

      B-2 Not protected under rent act :- It is safer with respect to 1st one method of valuation is also change based on occupancy.

d) **<u>Development control regulation (DCR)</u> :-**

   It includes zoning, FSI or related to planning laws of the particular authority.

   Zoning :- Residential, Industrial, Trade zone, Agriculture zone, etc. Rural, Urban.

   FSI :- Floor space index permit the height & the nos. of stories of building with respect to available plotted area. It varies of zone to zone example in Rural it is 1.2. In urban it is 1.6

In Urban there are special zone like highly commercial area facing high road width say more then 20mt. or 30mt. there FSI shall be 1.8 OR 2.40.

e) **Environment laws :-**

It is mainly related to Industrial or Factory act weather the factor is engineers unit or packages etc – Not required NOC of Environment clearance board.

If it is Chemical or Pharmacy – If required NOC of Environment clearance board/ Gujarat Pollution control board is required.

4 **Social :-**

It mainly covers or include surrounding condition of property, neighboring or neighborhood or locality (high class/ Middle class / Lower class etc.)

Religions oriented, affected by Riots etc.

Q-6 Explain in brief different value ingredients OR elements of values.

a) Utility
b) Scarcity
c) Demand
d) Transferability

a) Utility :- The use fullness of any assets OR The utility of the assets is one of the ingredients. Which command in the market.

e.g. If the Plant & M/C is to be sold to some party, he will examine its ways of usefulness or utility with respect to present technology.

- If the assets or Plant & M/C to be sold is not useful or say out dated then it can be scraped & can recycle the metal which can be utilized.
- In case of the assets which is not direct value in terms of money, it can be utilize by functioning value, It depends on the utility or usefulness.

b) **Scarcity:-** If there is limited availability of the particular assets or thins or property or Plant & M/C, which is not available in abundance then such type of ingredients term as scarcity.

The monetary value which 1) Measured in terms of money can't decided in scarcity.

- Value – in – use – Not measured in money
- Value- in – exchange – Availability is limited

c) **Demand :-**

The demand is the flexible ingredients or we can say more elastic in nature.

e.g. : If the utility and scarcity of the particular assets or things is high, then demand is also high with respect to usefulness & scarcity or non availability.

In the same manner if the ability is less & availability is easy then demand is not high.

d) **Transferability :-**

The assets or property is being capable to transform from one source to other, While transferring. There is no hurdle like court or Govt. department for the functioning of the same.

If there is no transferability then there is not exchange of the assets or property which letter on utilize for usefulness or function.

Q-7 Explain Value – in – use & Value – in – exchange with one example

<u>Value–In– Use :-</u>

The value of any assets or property which is not meased in money. There is no monitory value.

Here one need not to pay something be utilizing the same

e.g. Road without toll tax., River bridges while crossing etc.

Value – in – Exchange :-

The utility or use of any assets or property which is transformable then there is value-in-exchange comes in to the picture if the availability is limited them value–in-exchange .

e.g. Trust properly which is to be exchange not sell, there is special permission from Charity commissioner is required.

Q-8 What are the basis of Valuation OR

What are the approach to know the value of Assets ?

1) Market Approach

- It works on the principle of substitution. Information from market at which price similar property has been sold – (comparison).
- Comparing the subject assets with identical or similar assets for which price information may be available.
- Sales comparison method
- Basically operated on the principal of substitution.
- It provides an indication of value of subject assets with the similar type of Assets for which information is available.
- It is some time refereed as “Sales comparison” Method.
- At present how the assets give ‘Highest & best use’ that have sold recently in arm legal transaction.

2) **<u>Income Approach</u>**

- It is comparison of present income (Rent) with present interest with future cash flow or future market value.
- At present how much interest can be earned of same amount for assets OR Investment by rental income or franchises.
- It provides an indication of value by converting future cash flow to the single currant capital value.
- Basically operated on the principal of future cash flow.
- It provides an indication of present income & present interest with future cash flow or future income.
- It is some time refereed as 'Income or output' comparison method.
- At present how much interest can earn of same amount of assets.

3) **<u>Cost Approach</u>**

- How much it cost to replace the same by other type of property includes land & building.
- Comprises of cost of construction & land cost with same type of ready to use assets to be purchased.
- Basically operated on the principal of Replacement cost.
- It provides an indication of how much it cost to replace the same by other type of property.
- It is sometimes also referred as 'Cost comparison' method.
- At present how can one get maximum value by either Replacement or Re-production

Q-9 What are the basis of Valuation OR What are the approaches to know the value of Assets ?

1) Sub register's office of concerned district where property buyer's & seller's data is available.
2) Investigation from local brokers or residence.
3) By advertisement in news paper.

4) By local acquisition data.
5) Auction sales information of different Authority.

Q-10 Define 'depreciation' and 'obsolescence' Explain various types of obsolescence with suitable example of each type?

Depreciation :- Reduction in value of an asset with passage of time because of usage, wear & tear and different types of obsolescence & weather effects.

Depreciation = Physical deterioration + effect of obsolescence

= S.F.F x APA x 100

(Total age) (Forage)

Method of depreciation

i) Straight line method
ii) Written down value method [Decline balance method]
iii) Sinking fund method
iv) observed Deterioration (Lam sum%) method

Type of obsolescence :- When the assets is old one with respect to present new technology, function, design, fashion etc. called obsolesces.

1. Technological
2. Economical
3. Functional
4. Test or style

1. **Technological :-** - New modern technology & planning concept make it possible to design the building with elegant look.
   - The timber structure or load bearing structure are now replaced by framed structure or steel structure.
   - Due to continuous change in technology, the things become out dated e.g. Electronics items, Vehicles etc.
2. **Economical :-** - E.O. arise from changes in the highest and best use of the property due to market shifts or reoning, gov. polices etc.
   - E.O.is loss in value resulting from impairment in utility & desirability caused by rational factor i.e. outside property's boundaries.
   - Economical balance life is not physible, not more effective in building case. It is mainly use in plant & M/C, suppose physical condition is good but looking to present senerio it is not of updated technology. lasty it is not one's control effected by market force.
3. **Functional :-** - It is designed for particular function, utility & use in change, e.g. Building is for college but for commercial use it is not fit for utility. Also not capable for use for the some other purpose.
4. **Test or style or trend:-** - Choice of people is changes as the style or fashion is out dated, no one will prefer to utilize the thing even technically, economilly & functionally viable. e.g. Masertiles flooring is replace by marble or kota stone again marble & kota stone are replace by vitrify floor tiles etc.

Q-11 What is the use of Y.P. Single rate & Y.P. Double rate?

Y.P. Single Rate (Year Package)	**Y.P. Double Rate (Year Package)**
➢ Used in case of property having income over along period.	➢ Used incase of property having income over short period
➢ Property heaving the long balance economic life.	➢ Property having the small balance economic life.
➢ Sinking fund is not consider.	➢ Sinking fund is consider.
➢ $Y.P = \dfrac{1 - \frac{1}{(L+R)^n}}{R}$ OR $= \dfrac{1 - PV}{R}$	➢ $Y.P = \dfrac{1}{R+S}$ Where $S = \dfrac{r}{(1+r)^n - 1}$

Q-12 What is remunerative rate of return & accumulative rate of return?

(A) Remunerative rate of return (Interest)

It is the remuneration on capital invested (R)

(B) Accumulative rate of interest OR Rent

It is the annual sinking fund accumulates, at the end of certain period to the original capital invested (r) Here the sinking fund is sound & safe investment, never losse you deposit.

The rate is 2.5% to 4.5% of sinkes fund. If you wait same may in future it is useful.

Q-13 What is the concept of merger value / synergic value?

Explain how it is used in case of purchase of property by a sitting tenant?

The concept of merger value or Synergic value or realistic value is used to finalize the deal or transaction between the land lords & tenant to justify the land lord interest as well as the interest or tenant based on profit rent, by some gaining & loosing on both side.

In such case a tenant is in possession of property from a long time & protected by rent control act. He is paying very nominal rent to the land lords property with respect to present market rent it may very with high moregical gap.

Suppose for example if present market rent is Rs. 10,000/ month of the subject property the tenant is paying @ 1000 to 2000/ month.

In such case if land lord wants the property vacant from tenant then he has to compromise with himself by paying reasonable amount to tenant OR If Tenant wants to purchase the property he has to make reasonable amount to the original land lord. Letus understand it by

1. Merger value (M) = Free hold - [Land lord + Tenant]

Interest (F) Interest (L) Interest (T)

2. Amount to be paid by land lord to tenant for getting vacant permission = T + M/2
3. Amount to be paid by tenant to land lord for owing the property = L+M/2.

Q-14 What are the different methods of valuation of immovable property ? Value of land & Building.

1. **Land :-** Land value is based on prevailing market rate & market evolution (Sales instances).
2. **Building :-** Building value is based on depreciated replacement OR Re production cost of building.

To determine the building DRC (depreciated replacement OR Re production cost of building) Following are the Method :

(a) <u>Detailed quantity analysis method :-</u>

The quantity of all the items is to be workout, then according to rate analysis OR SOR of Govt. it is to be multiply & then come to the final estimated cost. Then in next stage Architectural fees, Structural Eng. fees, Over hands are to be added.

(b) <u>Plinth area rate method :-</u>

On the base of plinth area rate and area of buildings one can calculate the estimate. Here designs, specifications utilities all are in advanced decided. Off course the plinth area comes from detail quantity analysis. But to speed up the work plinth area is best. It is widely & commonly use by traditional buildings.

(c) <u>Indexation Method :-</u>

Cost of past (It may be of 2015-16-14) & at present what is the rise or inflection that is the main factor.

Q-15 What is mean by Yield rate?

- A rate of interest base on present value and present annual income called Yield rate.
- In other wards Return of investment we called it Yield.
- Yield is not total return.

Income OR Return of Investment at the time of resale or disposal	=	Yield + Annual rate appreciation at the time of resale.

Yield Rate = $\frac{\text{N.I x 100}}{\text{Present market value}}$

N.I = Net Income

= Gross Income-Expenditure

Its defined as the rate of Interest which is derived from present capital value and present rental income from the property.

Example :- A flat of value 50,00,000/- getting Rs. 10,000/- rent/month & Rs. 10,000/- as a maintenance & tax/year what will be Yield rate ?

Net Income = 10,000 x 12 = 1,20,000-10,000 = 1,10,000

So capital value = N.I x 1/R

R = $\frac{\text{1,10,00 x 100}}{\text{50,00,000}}$ = 2.2%

Yield rate = 2.2 %

It is affected by market value, demad & supply factors in the market.

Q-16 Mention the steps of market approach of value ?

(A) Direct Sales comparison

1) Adhoc comparison
2) Adjustment grid method
3) Weighted average

1) **Adhoc comparison :-** By market inquiry, comparison the same type of subject property with other etc as explain perversely.

2) **Adjustment Grid Method :-**

Sr. No.	**Subject Property**	**Sales Index**	**Sales Index-2**	**Sales Index-3**	**Rate**
1	Location	+ 5 %	+ 10 %	+ 5 %	Shape regular rectangular, square Area smt.
2	Shape / Regular	- 10%	- 5%	- 10 %	
3	Size in smt.	+ 5 %	+ 5 %	- 5 %	
4	Floor level	+ 10%	+ 10%	- 10%	
		+ 10%	+ 20%	- 15%	

After adjustment & comparison S-I-1 is more comfortable i.e. + 10%

The above methodology is more reliable & easy to understand also justified.

3) **Weighted Average Score :-**

a) Size

b) Shape

c) Location

d) Title

e) Amenities

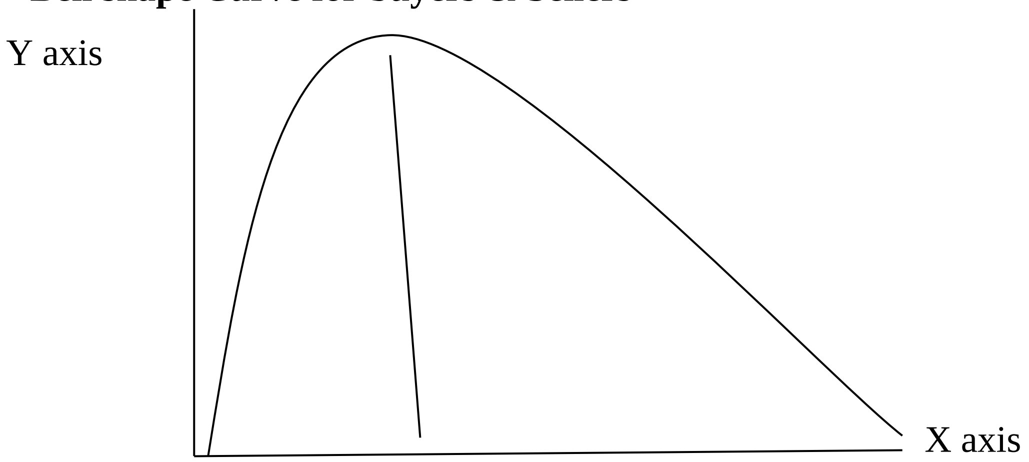
Sr. No.	**Surplus**	**Weight age (Out of 10 points)**	**Details (10 points is to be studed)**
1	Size	7	100 to 200 smt 200 to 500 smt 500 to 1000 smt
2	Shape	6	Rectangular Square Trapezoidal/ Zigzag
3	Location	8	Nr market

			Mid way of market Far from market Nr by Railway station OR Bus stand
4	Title	8	Free hold Lease hold disputable
5	Amenities	5	Bus Stand/ Railway Station School, Theater, Multiplex, Road, Drowse, Water supply

(B) Indirect sales compression

1) Betting Method
2) Hypothetical plotting Method
4) Hypothetical plotting Development method
5) Residential Value method

Q-17 Bell shape Curve for buyers & Sellers



Transaction Range of price where you can final the transactions where willing buyers & willing seller

Q-18 Highest & Best use concept

It is defined as the most probable use of an asset which satisfies the following concept or which is

- Physically possible

- Appropriately Justified
- legally permissible
- financially feasible and which results in highest value

Factors affecting on concept of Highest & best use.

1) Market trend OR Market demand
2) Legal right to develop
3) Building bye laws of respective and competent Authority
4) Purpose of utilization & Future prospects
5) Topography quality of site (Weather at low line area or highline area)
6) Time
7) Location
8) Economical feasibility.
9) Public utilities

Q-19 How would you estimate total life an old building for working out depreciation? what is the difference between physical life & economical life ?

[Topic of replacement cost of cost approach valuation]

Total life of an old building or say any immovable property or assets called designed life.

There are thumb rules to estimate total life as follow.

Types of Building :- **Total life**

1).. R.C.C. frame structure 80 to 90 years (approx)

2).. Load bearing wall structure .... 60 to 70 years(approx)

3).. Industrial shed with G.C.I. Roofing .... 40 years(approx)

4).. Industrial shad with A.C.C. Roofing .... 30 years(approx)

5)... Temporary Structures 10 years(approx) ....

Physical life	Economic Life
➢ The structural strength of skeletal building is the main factor	➢ The present scenario, surrounding area is the main factor affecting
➢ If the physical strength is good & the building can withstand against natural calamities like flood, earthquake etc. it is best.	➢ If the surrounding & neighbor hood property development is good then economic life is ok.
➢ If the physical condition or Strength of building is not proper more nos. of creaks & patches are visible then it defiantly affected.	➢ It is not within one's control it is affected by market forces.

Q-20 Explain the concept of balance useful life or balance economical life ?

In general balance useful life = Total life – Age of buildings.

In this case the total life is decided by thumb rule as explain earlier i.e. Total life RCC build, Load bearing build, Industrial shed are 80 to 90 years, 60 to 70 years & 40 years respectively.

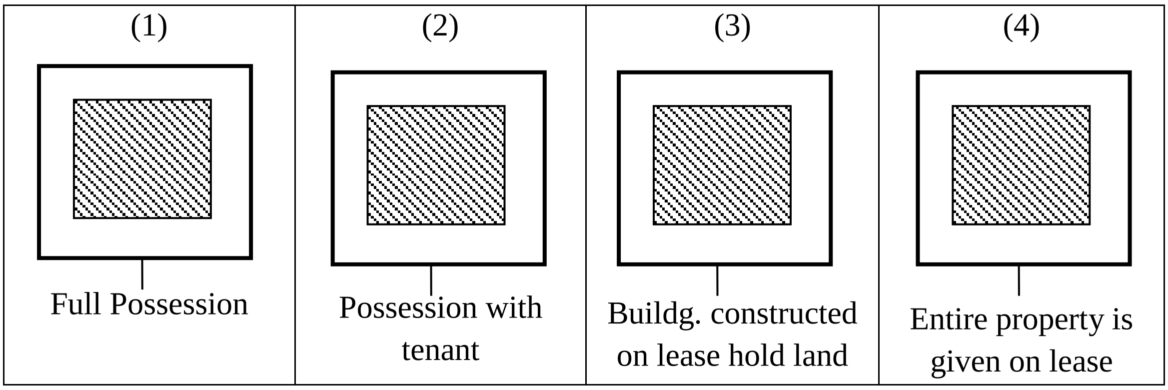
But if the condition of building is load bearing good, Physically it is strong then in such case balance life is more thus balance life is not same for all the buildings it depends on the present condition of the structure.

Specially for old buildings with good condition the projected balance life is working out considering physically strong ness, economically etc.

Q-21 Value is present worth of future benefit ?

Value is present worth of future benefit purchaser while buying or purchases any assets or property he will be knowingly or unknowingly converting it into future benefit with respect to present investment .

Let us try to understand with case study.



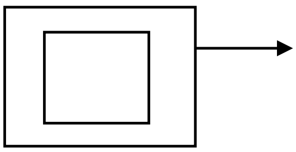
1 **Full Possession :-** In this case ownership with possession having full exclusive rights, called full right of possession, ownership one can easily mortgage the assets or can give lease or sell without any legal hurdle. Such type of investment is the best investment.

In this case present worth of the asset gives very good fruits in future.

2 In this case one is getting or the buyer after buying is getting ownership without possession. One will get rental income in the immediate action.
In future the buyer or owner my get possession if law permits
In this case one will get return in the form of Rental income (future rental income.)
In compare to no. (1) it is so- so

3 Lease is for decided period. If lease is for 60 years & 40 years has passed then balance period of lessees is 20 years. after 20 years Lessee will hand over the assets to lesser.

Lesser
Owner



Lessee
Occupier for fixed period up to completion of lease deed

- After lease is over possession will be of Lessee or called reversion of the lease.

- If one buy from lease then he can utilize for balance period.
- If lessee constructs building, then after the lease completion period he has to hand over to lesser or (Original owner).

4 Here owner of land built construction & give on lease called occupational lease say for 20 years then the lease is renewed at regular intervals. Say at the end of every one year or three year or 5 years with fixed % age of increase in rent value

Here value of property is right only. Above all four cases the value will be different thus the value in present worth will be future benefit as per the investment.

Q-22 Depreciated Replacement cost is value subject to demand & potential profitability?

In case if reproduction or renovation or modification in the existing asset is not possible or it requires lots of effort & also it is not economical then one has to go for the replacement of the subject assets.

It happens that it may be similar in utility & function but technologically poor or say not upgraded. And physically not as per standard one must replace it to get required output or result.

1 <u>For Building or say immovable property</u>

Suppose on building is located in highly commercial area but physically not sound. There are nos. of crack, old fashioned and out dated look & physically obsolete with lime mortar, load bearing structure, one must replace it by providing RCC frame & structure with advance elevation treatment & ultra modern facility.

2 Plant & M/C

If old M/C is produces X nos. of items by utilizing more electricity, more man power with routine maintenance & repair cost. If one replaces the existing old M/C & provides new one for same items production with highly effective technology which will save electricity & Man power also.

This replacement cost is value addition to demand & potential profitability.