F.No. 3/4/2016-Trans-Part(4)
Government of India
Ministry of Power
Shram Shakti Bhavan, New Delhi –110 001.
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Dated: 21.03.2025

To

1. Chief Secretaries/Administrators of all the States/UTs.
2. Chairperson, CEA, New Delhi – with a request to disseminate the subject guidelines to all the stakeholders.
3. Additional Chief Secretaries/Principal Secretaries/Secretaries of Energy of all States/UTs.
4. Secretary, CERC, New Delhi.
5. CMD, Grid India, New Delhi.
6. COO, CTUIL, Gurugram.
7. CMDs of State Power Utilities/SEBs.
8. All Transmission Licensees through COO, CTUIL

Subject: Supplementary Guidelines for payment of compensation in regard to Right of Way (RoW) for transmission lines.

Sir,

The Central Government vide letter No. 3/4/2016-Trans-Part (4) dated 14.06.2024 has issued guidelines for determination of compensation for laying Inter-State Transmission System (ISTS) lines under Sections 67 and 68 of the Electricity Act, 2003, read with Sections 10 and 16 of the Indian Telegraph Act, 1885, in addition to the compensation for normal crop and tree damages (hereinafter referred as *RoW Guidelines*). As per these guidelines, compensation shall ordinarily be based on the Circle rates/Guideline value/Stamp Act rates of the land, except where the market rate exceeds the Circle rate/Guideline value/Stamp Act rates. In such instances, the land value shall be determined based on the prevailing market rate as ascertained by the District Magistrate/District Collector/Deputy Commissioner in the manner as may be specified by the State Government. However, many States have yet to specify the manner of determination of market rate, and land owners have raised concerns that compensation is still being proposed at unacceptable circle rates which are significantly lower than market rates.

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2. This issue is more pronounced in urban and semi-urban areas, where District Collectors face difficulties in arriving at a fair market rate. Additionally, while land falling under RoW corridors can still be used for agriculture in rural areas, land in urban planning and urban areas cannot be used for development due to changes in land use. As a result, the 30% compensation paid for RoW in rural areas has been reported to be inadequate for urban and urban-planning areas, where landowners incur higher opportunity costs.

3. After careful consideration of the matter, the Central Government hereby issues the following supplementary guidelines for assessing the market rate of land for the limited purpose of payment of RoW compensation for laying of ISTS lines.

SUPPLEMENTARY GUIDELINES FOR DETERMINATION OF MARKET RATE AND ROW COMPENSATION FOR ISTS LINES

1. Applicability: These supplementary guidelines shall apply to Inter-State Transmission System lines only in cases where landowners have objected to the compensation because the Circle Rates are below the Market Rates. State Governments may adopt these guidelines in their entirety or issue their own modified guidelines. These guidelines shall apply in cases where State Governments have yet to specify the manner of determination of market value of land.

2. Committee for Market Rate Determination: The market rate of land shall be determined by the following Market Rate Committee (MRC) based on the valuation by independent land valuers:

i. District Magistrate/District Collector/Deputy Commissioner or his/her nominee (not below Sub-Divisional Magistrate) - Chair
ii. Representative of land owners - Member
iii. Nominee of ISTS Transmission Service Provider (TSP) – Member

The District Magistrate/District Collector/Deputy Commissioner may co-opt upto two additional members as may be required.

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3. Land Valuation Methodology:

(1) MRC shall appoint two valuers—one nominated by the TSP and the other by the representative of landowners. The MRC shall engage the land valuers empanelled by the Insolvency and Bankruptcy Board of India (IBBI) as per the list available at website of IBBI (https://ibbi.gov.in). The valuers should preferably be from the same State or, if an adequate pool of valuers is not available, from adjoining States. The reference market rate shall be determined as specified below:

(i) If the difference in the market rates worked out by valuers is less than 20% over the lowest value, then average value of the two valuations shall be taken as the reference market rate.

(ii) If the difference exceeds 20%, MRC may negotiate the reference market rate.

(iii) Else, or if negotiation fails, then MRC shall engage a third valuer, and the reference market value shall be determined as the average of the two closest valuations.

(2) The assessed reference market rate shall serve as the basis for determination of market rate by the MRC.

(3) The professional fee/charges of the land valuers shall be borne by the TSP and shall form part of the RoW compensation cost.

4. Compensation Rates: (1) The compensation for tower base shall be as per RoW guidelines dated 14.06.2024.

(2) The compensation amount for Right-of-Way (RoW) corridor shall be as follows for ISTS lines:

i. 30% of the land value in rural areas.
ii. 60% of the land value in municipal corporations and metropolitan areas notified by the State Government.
iii. 45% of the land value for municipalities, nagar panchayats and all other urban planning areas notified by the State Government.

5. The District Collector may allow the construction of ISTS lines to proceed without obstruction on the condition that compensation would be paid based on the market rate determined by the MRC. The market rate determination should ideally be completed within one month from the date of application by TSP.

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6. **Pass through by CERC**: If the actual RoW compensation paid by the TSP due to implementation of these guidelines or the extant guidelines /policy of the appropriate government differs from the base RoW compensation determined for the ISTS Scheme as per Tariff Based Competitive Bidding (TBCB) Guidelines, the same shall be eligible for pass through under Change in Law (CIL) by the Central Electricity Regulatory Commission.

Yours faithfully,

21/3/25

(Naorem Indrakumar Singh)
Under Secretary (Trans)
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Copy to:

1. Secretaries to the Government of India.
2. Prime Minister's Office.
3. Technical Director, NIC, Ministry of Power – with the request to upload on the website of Ministry of Power.
4. PS to MoP.
5. Addl. PS to MoSP.
6. Sr. PPS/ PPS/ PS to Secretary (Power)/ AS(Trans)/ JS&FA/ AS (IC)/ All Joint Secretaries/ EA/ All Directors/ Deputy Secretaries, Ministry of Power.