

October 2026

Revised guidelines for payment of compensation regarding Right of Way for transmission lines

The Ministry of Power ("**MoP**"), on October 6, 2026, has issued Guidelines for payment of compensation in regard to Right of Way (**"RoW**") for Transmission Lines ("**2026 Guidelines**"). The 2026 Guidelines supersede the earlier MoP guidelines dated June 14, 2024, March 21, 2025 and December 15, 2025. The key changes include the reconstitution of the Market Rate Committee ("**MRC**") comprising of the district officials, the introduction of a 3 (three) valuer mechanism for determining land value based on the median of the valuations, and the provision of an appellate mechanism against the rate so determined.

Background

1. On June 14, 2024, the MoP issued the guidelines for payment of compensation in regard to RoW for transmission lines ("**2024 Guidelines**"), which, *inter alia*, provided the following:
   a) the District Magistrate ("**DM**") was responsible for determining the compensation;
   b) the land value was ordinarily determined based on the circle rate/guideline value/Stamp Act rate;
   c) where the market rate exceeded the applicable rate, the DM was required to ascertain the market rate in accordance with the procedure prescribed by the State Government;
   d) compensation for the tower base area was fixed at 200% of the land value;
   e) compensation for the RoW corridor was fixed at 30% of the land value; and
   f) States/Union Territories were permitted to prescribe a higher rate for the RoW corridor, having regard to the area and the urgency of the work.
2. The MoP subsequently noted the following:
   a) several States had not specified the manner of determining the market rate as required under the 2024 Guidelines; and
   b) the compensation of 30% of the land value for transmission line corridors in urban areas was inadequate, as land-use restrictions in such corridors prevent construction activities. In contrast agricultural activities may continue in rural areas.
3. On March 21, 2025, the MoP issued the Supplementary Guidelines for payment of compensation for RoW for transmission lines ("**2025 Supplementary Guidelines**"), which, *inter alia*, provided the following:

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a) a MRC will be constituted, chaired by the DM and comprising a representative of the landowners and a nominee of the Transmission Service Provider ("**TSP**");

b) the market rate will be determined based on valuations obtained from 2 (two) valuers empanelled with the Insolvency and Bankruptcy Board of India ("**IBBI**"). The 2 (two) valuers will be nominated, one by the TSP and the other by the landowners' representative;

c) compensation for the RoW corridor was graded at 30%, 45% or 60% of the land value, depending on the area; and

d) any difference between the actual RoW compensation and the base RoW compensation determined for the Inter-State Transmission System ("**ISTS**") scheme under the Tariff Based Competitive Bidding ("**TBCB**") Guidelines was eligible for pass-through as a 'Change in Law' event.

4. In practice, the 2 (two) valuer mechanism under the 2025 Supplementary Guidelines resulted in delays, as landowners' representatives took considerable time to nominate their valuers and the valuation reports were not submitted to the DM in a timely manner. Accordingly, on December 15, 2025, the MoP amended the valuation method under the 2025 Supplementary Guidelines ("**2025 Amendment**"), which, inter alia, provided the following:

   a) the MRC will appoint 3 (three) valuers, one of each nominated by the landowners' representative, the TSP and the DM; and

   b) out of the 3 (three) valuation reports, 2 (two) were to be selected by lottery and opened to determine the market rate.

Key features of the 2026 Guidelines

Applicability

The 2026 Guidelines prescribe the following:

1. compensation under the 2026 Guidelines is payable only for ISTS lines supported by tower bases of 66 (sixty-six) kilovolts and above and does not extend to sub-transmission and distribution lines below 66 (sixty-six) kilovolts;
2. the 2026 Guidelines apply where landowners dispute compensation on the grounds that the applicable circle rates are lower than the prevailing market rates;
3. the State Governments may adopt the 2026 Guidelines in their entirety or formulate their own modified policies; and
4. the 2026 Guidelines would apply to States where the State Government has neither prescribed a mechanism for determining land value nor formulated a policy of its own.

Determination of compensation

Compensation is ordinarily based on the circle rate/guideline value/Stamp Act rates of the land. Where the market rate exceeds those rates, the MRC determines the land value based on the prevailing market rate.

Composition of the MRC

The 2026 Guidelines prescribe that the MRC must comprise of the following:

1. the DM or his/her nominee (not below Additional DM) as the Chair;
2. a District level officer of the Registration Department as a member;

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3. the Sub-Divisional Magistrate of the concerned sub-division as a member; and
4. an administrative representative of the civic body in the area.

Additionally, the 2026 Guidelines allow the DM to co-opt up to 2 (two) additional members, if so required.

Land valuation methodology

The 2026 Guidelines stipulate the following:

1. the District Administration must select 3 (three) valuers (empaneled with the IBBI) through a fair and transparent process to carry out the land valuation. This replaces the nomination-based mechanism under the 2025 Amendment, which provided for 1 (one) valuer each to be nominated by the landowners' representative, the TSP and the DM;
2. the valuers should preferably be from the same State or, where an adequate pool is unavailable, from adjoining States. Their professional fees are payable by the TSP, at rates determined by the District Administration ("**DA**");
3. each of the 3 (three) valuers must assess the land value along the transmission line alignment and submit its report to the DA in a sealed envelope. Thereafter, all 3 (three) valuation reports are opened simultaneously; and
4. any valuation exceeding 20% above or falling 20% below the median valuation is capped at that limit. The market rate is the average of the 3 (three) valuations after these adjustments.

Compensation

The 2026 Guidelines prescribe the following RoW compensation:

1. 200% of the market value for the tower base area; and
2. for the RoW corridor:
    a) 30% of the market value in rural areas;
    b) 45% of the market value in municipalities, *nagar panchayats*, and all other urban planning areas notified by the State Government; and
    c) 60% of the market value in municipal corporations and metropolitan areas notified by the State Government.
3. Notably, the 2026 Guidelines further stipulates that:
    a) no other construction activities will be allowed in the RoW corridor;
    b) compensation must be a one-time, upfront payment for each stretch of work; and
    c) where landowners have been offered or have accepted an alternative mode of compensation under the Transfer of Development Rights policy, the TSP is required to deposit the RoW compensation with the concerned Corporation, Municipality, Local Development Authority or State Government.

Pass through by Central Electricity Regulatory Commission

The 2026 Guidelines prescribe that if the actual RoW compensation paid by the TSP, due to implementation of the 2026 Guidelines or the extant guidelines/policy of the appropriate Government, differs from the base RoW compensation determined for the ISTS scheme as per the TBCB Guidelines, the difference will be eligible for pass through under 'Change in Law' provisions by the Central Electricity Regulatory Commission.

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Appellate Authority

The 2026 Guidelines stipulate that:

1. any party aggrieved by the decision of the MRC may appeal against the valuation to an Appellate Authority notified by the State Government, within 30 (thirty) days from the date of notification of the rate by the MRC;
2. the Appellate Authority will admit the appeal only if the aggrieved party agrees to the commencement of work at site, pending adjudication of the compensation; and
3. the Appellate Authority's decision will be final and binding on all parties concerned, and no further appeal would lie against the same.

Conclusion

The 2026 Guidelines take the determination of the market rate out of the hands of the parties. The MRC now comprises of only district officials, while the District Administration, rather than the landowners' representative and the TSP, selects the valuers. The market rate is the average of 3 (three) valuations, with any valuation more than 20% above or below the median adjusted to fall within that range. This limits the extent to which an individual valuation can influence the final market rate.

Additionally, the 2026 Guidelines introduce an appellate mechanism against the market rate determined by the MRC. However, an appeal may be pursued only if work is permitted to commence. This ensures that disputes over compensation do not delay the commencement of work or impede transmission line construction timelines.

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