VALUATION OF AGRICULTURAL LAND

WITH H.T. TRANSMISSION LINE – A CASE STUDY

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Question: *How to value an agricultural land through which a High Tension (H.T.) transmission line passes?*

Prevailing Market Rate (PMR): ₹25,00,000 per acre

Opinion:

Introduction

In the valuation of agricultural land, the presence of a High Tension (H.T.) transmission line passing through the property affects the market value. Though agricultural operations may continue beneath the line, certain restrictions and market perceptions lead to diminution in value.

The impact is generally assessed under the following factors:

- Easement restriction
- Loss of effective cultivable area
- Marketability discount
- Psychological stigma factor

There is no fixed statutory percentage for deduction. The extent of value reduction depends mainly on the corridor width, voltage level, and whether a transmission tower exists within the land.

Scenario 1: Only H.T. Line Passing Through the Land (No Tower)

Impact

- Cultivation is generally permitted below the line.
- Restriction on growing tall trees or constructing buildings.
- Minor market resistance due to safety concerns.

Recommended Discount

➞ 5% to 10% of the land value.

For PMR ₹25,00,000 per acre

- 5% deduction = ₹1,25,000
- 10% deduction = ₹2,50,000

Thus, the adjusted value may range between ₹22,50,000 and ₹23,75,000 per acre.

Scenario 2: H.T. Transmission Tower Located Within the Land

Impact

- Permanent loss of land due to tower foundation.
- Hindrance to mechanised agricultural operations.
- Safety clearance zone around the tower.
- Stronger buyer resistance and reduced marketability.

Recommended Discount

➞ 10% to 20%, depending on:

- Width of the transmission corridor
- Number of towers within the land
- Distortion in land shape
- Accessibility obstruction

For PMR ₹25,00,000 per acre

- 15% deduction = ₹3,75,000
- 20% deduction = ₹5,00,000

Thus, the adjusted value may range between ₹20,00,000 and ₹21,25,000 per acre.

Technical Approach

Instead of applying a blanket deduction, a more scientific and defensible approach is:

1. Calculate the corridor area affected
   (Usually 15 m to 35 m width depending on voltage level).

2. Apply differential deduction
    - 100% loss for tower foundation area.
    - 20% to 40% diminution for land falling within the transmission corridor.
3. Apply general market stigma discount
    - 5% to 10% on the remaining land.

This method is generally more acceptable in bank valuations, court matters, and technical scrutiny.

Another approach

In many practical situations, detailed corridor measurements may not be available during inspection. In such cases, for agricultural land with PMR ₹25,00,000 per acre, a reasonable and defendable deduction of 10% to 15% may be adopted depending on site conditions.

Conclusion

The presence of a High Tension transmission line affects agricultural land primarily due to usage restrictions, partial loss of effective area, and reduced marketability. Since no statutory deduction is prescribed, valuers must apply professional judgement based on field conditions and market behaviour to arrive at a realistic market value.
