

No.15(04)/2021-E.II(A)  
Government of India  
Ministry of Finance  
Department of Expenditure

Kartavya Bhawan-1, New Delhi  
Dated: 05.05.2026

**OFFICE MEMORANDUM**

Subject: Amendment in General Financial Rules, 2017 – reg.

It has been decided with the approval of Finance Minister to make following amendment in the General Financial Rules, 2017:

<b>Existing Rule</b>	<b>Amended Rule</b>
<p><b>Rule 310 (1) Transfer of Land.</b> Transfer of land from a Union Territory to a Central Government Department (i.e. Ministry or Department of the Union Government including Defence, Railways, and Posts and Telegraphs) or vice versa shall be on 'no profit no loss' basis.</p> <p><b>Rule 310 (2)</b> Transfer of land from one Department of the Government (as defined in Rule 309) to another shall be on 'no profit no loss' basis. 'No profit no loss' as indicated at rules 310(1) and 310(2) above does not necessarily mean transfer being affected with 'zero cost'. Transfer can be on the basis of mutually agreeable terms and conditions or in exchange for equal value land or payment of value of land or cost of acquisition.</p> <p><b>Rule 310 (3)</b> Transfer of buildings and superstructures on land shall be treated similar to transfer of land. Transfer of buildings and superstructures on land vide above shall be at the present-day cost minus depreciation of these structure(s) standing on the land. Valuation for this purpose shall be obtained from the Central Public Works Department at the time of transfer.</p> <p><b>Rule 310 (4)</b> The allotment of land to, and recovery of cost of buildings from the Public Sector Undertakings shall be at 'market value' as defined in paragraph - 2 of Appendix - 7.</p> <p><b>Rule 310 (5)</b> The transfer of land and building between the Union and State Governments shall be regulated by the provisions of Articles 294, 295, 298 and 299 of the Constitution and subsidiary instructions</p>	<p><b>Rule 310</b> Transfer/alienation of Central Government's land shall be governed as per the instructions placed at Appendix-7A &amp; 7B of GFRs.</p>

<p>issued by the Union Government which are reproduced as Appendix - 7.</p>	
<p><b>Appendix-7</b> – Transfer of Land and Buildings between the Union and State Government.</p> <p>1. These rules apply to the transfer of land and buildings between the Union and the State Governments and also to the surrender to the State Governments of land belonging to Railways. The general position under Article 294 of the Constitution is that as from the commencement of the Constitution –</p> <p>(a) all property and assets which immediately before such commencement were vested in His Majesty for the purposes of the Government of the Dominion of India and all property and assets which immediately before such commencement were vested in His Majesty for the purpose of the Government of each Governor's Province, shall vest respectively in the Union and the corresponding State; and all rights, liabilities and obligations of the Government of the Dominion of India and of the Government of each Governor's Province, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations respectively of the Government of India and the Government of each corresponding State subject to any adjustment made or to be made by reason of the creation before the commencement of the constitution of the Dominion of Pakistan or of the Province, of West Bengal, West Punjab and East Punjab.</p> <p>Article 294, as is evident, relates to succession to property, assets, rights, liabilities and obligations in certain cases only; Article 295 of the Constitution which relate to succession to property, assets, rights, liabilities and obligations in other cases, provides that -</p> <p>(i) As from the commencement of the Constitution:</p> <p>(a) all property and assets which immediately before such commencement were vested in any Indian State corresponding to a State</p>	<p><b>Appendix-7A</b> – Guidelines for transfer/alienation of Central Government land <b>(new provision inserted)</b>.</p> <p><b>Appendix-7B</b> – Other constitutional provisions and subsidiary instructions issued by the Union Government for transfer of Land and Buildings between the Union and State Government.</p> <p><b>No Change</b></p> <p><b>No Change</b></p>

specified in Part -B of the First Schedule shall vest in the Union, if the purpose for which such property and assets were held immediately before such commencement will thereafter be purposes of the Union relating to any of the matters enumerated in the Union List; and

- (b) all rights, liabilities and obligations of the Government of any Indian State corresponding to a State specified in Part - B of the First Schedule, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations of the Union Government, if the purposes for which such rights were acquired or liabilities or obligations were incurred before such commencement will thereafter be purposes of the Union Government relating to any of the matters enumerated in the Union List:

subject to any agreement entered into in that behalf by the Union Government with the Government of that State.

- (ii) Subject as aforesaid, the Government of each State specified in Part 'B' of the First Schedule shall, as from the commencement of the Constitution, be the successor of the Government of the corresponding Indian State as regards all property and assets and all rights, liabilities and obligations, whether arising out of any contract or otherwise, other than those referred to in Clause (1).

**No Change**

All property and assets, which include land and buildings, and which vest in the State Government under Articles 294 and 295 of the Constitution or otherwise shall be at the disposal of the respective State Governments, who will be at liberty to dispose them of by sale, mortgage, etc., and the proceeds thereof shall be credited to the revenues of the respective State Governments.

From the commencement of the Constitution, the transfer of land between the Union and the State Government shall be regulated by mutual agreement except when they are acquired under some Act. The Union Government have laid down the following principles to be observed in regard to certain points:-

- (i) (a) When land belonging to a private party has to be acquired on behalf of the Union Government acquisition shall be at the

**No Change**



Government in all cases, and in cases of disagreement the Union Government shall be the sole judge of the terms and conditions to be imposed.

(iii) Determination of Disputes as to Titles. - Disputes as to title between the Union Government and a State Government shall be determined by the Supreme Court.

2. *Market value defined.* -Market value when applied to land may be defined as the price which the land would fetch if sold in the open market subject to the ground rent or assessment shown against it in the revenue registers, or, if no ground rent or assessment shown against it in the revenue registers, subject to a ground rent or assessment levied at the rate at which ground rent or assessment is actually being levied on similar lands in the neighbourhood excluding all cases in which such similar lands in the neighbourhood are held free of ground rent or assessment at favourable or unfavourable rates of ground or assessment. This is the market value which has to be credited or debited, as the case may be, in the case of all transactions between the State Governments and the Union Government or between the Union Government and State Governments or the Railways.

**No Change**

**Omitted**

2. This OM is also available on website of Department of Expenditure ([www.doe.gov.in](http://www.doe.gov.in)).



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To,

Secretaries to all Central Government Ministries/Department.

**GUIDELINES**

**-Transfer/Alienation of Central Government Land-**

**1. Introduction:**

**1.1** Land is a precious and limited natural resource and is of critical significance in the national endeavor for economic development. Therefore, its availability for various developmental purposes is of paramount importance. It is an asset where value keeps rising with time. The Central Government owns significant amounts of this valuable asset, either on free hold basis or on lease basis. In view of its limited availability and dynamics of developmental needs, the need arises on many an occasion for inter-se transfer/exchange of land amongst Departments or amongst offices of a particular Department. Question also often arises whether land is to be transferred to a Central PSE or State Government based on mutually agreed terms or to be sold outrightly to a private entity on purely commercial terms. These guidelines lay down the principles and procedures governing alienation of land belonging to the Central Government.

**2. Objective:**

**2.1** The objective of these guidelines, therefore, is to lay down framework and conditions to be followed by the Central Government for assessment of the amount of land owned and used by them and the procedure to be followed for sale/ lease of a piece of land identified either as surplus or as required for a different public purpose or for public infrastructure/public utility project so as to ensure productive and gainful use of land and also to unlock its monetary value.

**3. Definitions:**

- (i) **Central Government:** Ministries/Departments of Government of India, their attached and subordinate offices, statutory authorities administered by Government of India, Central Government owned/controlled entities\* and UTs without legislature.
- (ii) **CPSEs:** A company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government and

includes a company which is a subsidiary company of such a company. This includes SPV companies owned 50% by Government of India and 50% by State Government.

- (iii) **State Government:** Respective State Govts and their offices/bodies including local bodies and UTs with legislature.
- (iv) **Long-term lease:** 30 years or more (including all possible/permmissible periods of renewal).
- (v) **Short-term lease:** Less than 30 years or any lease other than Long-term lease.
- (vi) **Market Value:** The Market value is the value of land determined as per para 6 below keeping in view the following:
  - a) Prevalent Guideline Value,
  - b) Recent auction/sale of comparable land in close proximity,
  - c) Professional valuation considering non-distress sale scenario and the encumbrance, reservation/restriction etc.
- (vii) **Guideline Value:** Minimum value notified by the government concerned for a land parcel. This involves terms such as 'Circle Rate', 'Ready Reckoner Rate' etc. used by some State governments.
- (viii) **Market Rental Value:** The rent assessed as per para 6 below based on the lease term, with reference to the market value of the property.
- (ix) **Guideline Rental Value:** The rent assessed as per para 6 below based on the lease term, with reference to the guideline value of the property.
- (x) **Nominal Rental Value: Rs. 1/-** per sqm per annum.
- (xi) **Sale:** Transfer of ownership of land in exchange for a consideration.
- (xii) **Lease:** Transfer of a right to enjoy land for a specified period, express or implied, in consideration of a premium and/or rent, while the ownership of such land remains with the lessor.

\* **Central Government owned/controlled entities:** Such institutions that fulfill the following conditions, or any other institution(s) that may be classified as such on a case-to-case basis:

- a) They have been established by, or with the approval of Government of India, and
- b) They obtain their entire budget (or majority of their budget) from Government of India, and

- c) They are controlled by Government of India, with Government having the power to give necessary directions to them, and
- d) The membership of their Governing bodies can be determined by Government of India by adding/removing/replacing Members and Chairperson, and
- e) Their accounts are covered by the Comptroller & Auditor General's (CAG) audit.

#### **4. Applicability:**

**4.1** The following five categories of land transfer shall be covered under this framework:

<b>S.No</b>	<b>Type of transfer</b>	<b>From</b>	<b>To</b>
1.	Sale/Long term lease	Central Government	Central Government
2.	Sale/Long term lease	Central Government	CPSEs
3.	Sale/Long term lease	Central Government	State Government
4.	Sale/Long term lease	Central Government	Any other entity
5.	Short term lease	Central Government	Central Government, CPSEs, State Govt. or any other entity

#### **5. Exemptions:**

- (i) This framework will not cover land/buildings to be acquired or disposed of where specific provisions exist under statute/law.
- (ii) Any land transfer/lease covered by existing policies of Ministries/Departments as on 1<sup>st</sup> March, 2026 will continue under that policy / guideline.

#### **6. Valuation:**

**6.1** The value at which the land transaction is to be done will be determined by NLMC. For this purpose, NLMC may charge a fee from the requesting Ministry/Department. The following land values would be

determined and made available by NLMC as per the nature of the land transfer:

- (i) Sale of land:
  - a) Guideline Value/ Circle Rate/ Ready Reckoner Rate / (hereinafter referred to as '**Guideline Value**') – NLMC may take the highest Guideline Value issued by the State/UT during the previous three years.
  - b) Market Value
- (ii) Leasing of land:
  - a) Market Rental Value
  - b) Guideline Rental Value

**Note:** The valuation report to be submitted by NLMC under these guidelines shall not require the approval of the Alternative Mechanism.

**6.2** In addition to the NLMC, any other Government of India entity or CPSE which carries out valuation could also be engaged subject to such entity/CPSE:

- (a)\* empaneling and then engaging such professional valuers# for this purpose, and
- (b) not being under the administrative control/domain of the Ministries/Departments which are parties to the land transaction

**\*Condition (a) would not apply to CPWD.**

**#Professional Valuer: An individual entity registered as a valuer under the provisions of the Companies Act, 2013.**

**7. Assessment of need:** In cases of land transfer covered at Sl. No. 1 & 2 of table at para 4 above, Ministries/Departments may ensure that proposal for transfer of land is supported by concrete plans or projects with a clear timeline for execution. To ensure fairness of the process, Secretary (Expenditure), may carry out Inter-Ministry consultation on a case-to-case basis keeping in mind the opportunity cost, competing demands and alternative uses of land.

**8. Competent Authority and value to be considered for transfer of Land:**

S. No	Type of Transfer	From	To	Approving Authority	Pricing
1.	<b>Sale/Long term lease</b>	Central Government	Central Government	Transferor Administrative Ministry with the prior concurrence of Ministry of Finance	Through Book Transfer/ Nominal Rental Value <b>OR</b> through Budget allocation (at Guideline value/Guideline Rental Value)
2.	<b>Sale/Long term lease</b>	Central Government	CPSEs	Transferor Administrative Ministry with the prior concurrence of Ministry of Finance	<u>Where CPSE is 100% Government of India owned:</u> <b>For public purpose:</b> At Guideline Value/Guideline Rental Value <b>Other than public purpose:</b> Market Value/Market Rental Value <u>For other CPSEs:</u> Market Value /Market Rental Value
3.	<b>Sale/Long term lease</b>	Central Government	State Government	Cabinet	<b>Public Purpose:</b> Guideline Value/ Guideline Rental Value  <b>Non-public Purpose:</b> Market Value / Market Rental Value

4.	<b>Sale/Long term lease</b>	Central Government	Any other entity	Cabinet	Transparent competitive bidding: Reserve price to be based on Market Value/Market Rental Value determined as per para 6 above.
5.	<b>Short term lease</b>	Central Government	Central Government, CPSEs, State Govt. or any other entity	Transferor Administrative Ministry with the prior concurrence of Ministry of Finance	<b>Public Purpose:</b> Guideline Rental Value  <b>Non-public Purpose:</b> Market Rental Value

**9. Transfer of CPSE land\*:** Policy for transfer of CPSE land to any entity through sale/long term lease or short-term lease shall be formulated by Department of Public Enterprises (DPE). Until then the existing provisions of GFRs, 2017 shall continue to be followed.

**\*CPSEs under Ministry of Steel shall follow the instructions issued by their Administrative Ministry, until a policy is formulated by DPE, as above.**

**10.** Transfer of buildings and superstructures on land shall be treated similar to transfer of land. Transfer of buildings and superstructures on land shall be at the present-day cost minus depreciation of these structure(s) standing on the land. Valuation for this purpose shall be obtained in accordance with para 6 above.

**11.** If any question, not covered in these guidelines, in regard to land alienation arises, the same shall be taken up with the Ministry of Finance, Department of Expenditure for an appropriate course of action.

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**Other constitutional provisions and subsidiary instructions issued by the Union Government for transfer of Land and Buildings between the Union and State Government**

These rules apply to the transfer of land and buildings between the Union and the State Governments and also to the surrender to the State Governments of land belonging to Railways.

The general position under Article 294 of the Constitution is that as from the commencement of the Constitution –

(a) all property and assets which immediately before such commencement were vested in His Majesty for the purposes of the Government of the Dominion of India and all property and assets which immediately before such commencement were vested in His Majesty for the purpose of the Government of each Governor's Province, shall vest respectively in the Union and the corresponding State; and all rights, liabilities and obligations of the Government of the Dominion of India and of the Government of each Governor's Province, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations respectively of the Government of India and the Government of each corresponding State subject to any adjustment made or to be made by reason of the creation before the commencement of the constitution of the Dominion of Pakistan or of the Province, of West Bengal, West Punjab and East Punjab.

Article 294, as is evident, relates to succession to property, assets, rights, liabilities and obligations in certain cases only; Article 295 of the Constitution which relate to succession to property, assets, rights, liabilities and obligations in other cases, provides that –

- (i) As from the commencement of the Constitution:
- (a) all property and assets which immediately before such commencement were vested in any Indian State corresponding to a State specified in Part -B of the First Schedule shall vest in the Union, if the purpose for which such property and assets were held immediately before such commencement will thereafter be purposes of the Union relating to any of the matters enumerated in the Union List; and
  - (b) all rights, liabilities and obligations of the Government of any Indian State corresponding to a State specified in Part -B of the First Schedule, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations of the Union Government, if the purposes for which such rights were acquired or liabilities or obligations were incurred before such commencement will thereafter be purposes of the Union Government relating to any of the matters enumerated in the Union List:  
subject to any agreement entered into in that behalf by the Union Government with the Government of that State.
- (ii) Subject as aforesaid, the Government of each State specified in Part 'B' of the First Schedule shall, as from the commencement of the Constitution, be the successor of the Government of the corresponding Indian State as regards all property and assets and all rights, liabilities and obligations, whether arising out of any contract or otherwise, other than those referred to in Clause (1).  
All property and assets, which include land and buildings, and which vest in the State Government under Articles 294 and 295 of the Constitution or otherwise shall be at the disposal of the respective State Governments, who will be at liberty to dispose them of by sale, mortgage, etc., and the proceeds thereof shall be credited to the revenues of the respective State Governments.

From the commencement of the Constitution, the transfer of land between the Union and the State Government shall be regulated by mutual agreement except when they are acquired under some Act. The Union Government have laid down the following principles to be observed in regard to certain points:

- (i) (a)** When land belonging to a private party has to be acquired on behalf of the Union Government acquisition shall be at the expense of that Government.

  - (b)** In cases where the Union Government require any land, which is in occupation of the State Government, to be transferred to them, the amount payable by the Union Government will ordinarily be the market value of the land and buildings, if any, thereon.
  - (c)** The amount payable will include the capitalized value of land revenue assessable on the land when the transfer causes actual loss of land revenue to the State Government.
  - (d)** Solatium payable under the extant provisions of Land Acquisition Act will not apply to such transfers.
  
- (ii)** Land surplus to the requirements of the Union Government: - When the Union Government no longer required land in their possession, the Government of the State in which it is situated will be given the option of assuming possession of the whole or any portion thereof subject to the following conditions: -

  - (a)** the Union government themselves shall be the judges of whether they require to retain any particular land or not;
  - (b)** if the State Government desire to assume possession of the land, the option to do so shall be exercised within six months of the date on which the Union Government signify their intention of surrendering the land;
  - (c)** the amount payable for the land will in all cases be its market value at the date of transfer;
  - (d)** when the State Government desire to assume possession of only a portion of the land surrendered, they shall be entitled to do so only if the value of the land as a whole is not materially reduced by the division; and
  - (e)** if the State Government do not desire to assume possession of any land on the foregoing terms, the Union Government will be free to dispose it of to a third party. Before, however, so disposing of the land, the Union Government will consult the State Government as to the levy of ground rent or assessment and the conditions, if any, subject to which it should be sold and they will, as far as possible, dispose of the land subject to the conditions which the State Government may desire to impose. The Union Government are not, however, bound to obtain the concurrence of the State Government in all cases, and in cases of disagreement the Union Government shall be the sole judge of the terms and conditions to be imposed.
  
- (iii)** Determination of Disputes as to Titles - Disputes as to title between the Union Government and a State Government shall be determined by the Supreme Court.