

# Sanad / Non-Agricultural Permission No Longer Required for Permissible Non-Agricultural Use

A Major Ease of Doing Business Reform in Maharashtra

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## Introduction

In a significant step towards improving ease of doing business, the Government of Maharashtra (GoM) has rationalised the framework governing conversion of agricultural land to non-agricultural use under the Maharashtra Land Revenue Code, 1966 (MLRC).

Pursuant to the recent amendment to the MLRC notified on 31 December 2025 (Amendment Act), read with the Government Resolution dated 10 February 2026 (GR), the requirement of obtaining a separate sanad / non-agricultural permission from the jurisdictional Collector has been abolished in cases where the proposed non-agricultural use is otherwise permissible under the applicable Development Plan or Regional Plan under the Maharashtra Regional and Town Planning Act, 1966 (MRTP).

Further, the earlier regime of annual non-agricultural assessment (conversion tax) has been replaced with a one-time conversion premium payable to the Planning Authority.

This reform effectively eliminates dual approvals and streamlines land conversion and development processes.

## Position Prior to the Amendment

Historically, Section 42 of the MLRC required prior permission of the Collector for conversion of agricultural land for non-agricultural use.

In 1994, Sections 42-A, 42-B, 42-C, 42-D and 44-A of the MLRC were introduced to relax this requirement in specific cases, including:

- Land reserved for non-agricultural use under draft / final Regional or Development Plans;
- Land acquired for bona fide industrial use; and
- Integrated Township Projects.

While prior permission was dispensed with in such cases, landowners were still required to obtain a sanad / non-agricultural use certificate from the Collector; and pay annual non-agricultural assessment under Sections 47, 47-A and Chapter VII of the MLRC to establish that the land has been put to applicable non-agricultural use.

Simultaneously, development permission and building plan approvals were required from the jurisdictional Planning Authority under the MRTP Act.

This resulted in engagement with two separate authorities:

- Revenue Department (for conversion / sanad); and
- Planning Authority (for development approvals).

In practice, the process of obtaining a post-facto sanad was often as time-consuming as securing a traditional non-agricultural order, leading to duplication of regulatory scrutiny and project delays.

## Position After the Amendment

The revised Section 42 of the MLRC now provides that:

- No permission of the Collector is required for change of land use from agricultural to non-agricultural, provided such use is permissible under the applicable draft or final Development Plan / Regional Plan under the MRTTP Act and the concerned Planning Authority may grant development permission / approval to building plans on such land.
- Upon grant of development permission or approval of building plans by the Planning Authority, no separate non-agricultural permission under the MLRC is required.
- The change in land use is to be reflected in revenue records pursuant to such approval.

This effectively consolidates conversion and development approvals within the Planning Authority framework.

## One-Time Conversion Premium

The revised Section 47 of the MLRC replaces the earlier annual non-agricultural assessment with a one-time conversion premium, payable at the time of grant of development permission, as follows:

1. For land area up to 1,000 square metres: 0.1% of current market value (as per the Annual Statement of Rates).
2. For more than 1,000 square metres and less than 4,000 square Metres: 0.25%.
3. More than 4,000 square Metres: 0.5%.

For land already converted into non-agricultural use, a one-time premium (in lieu of annual non-agricultural assessment) shall be levied and recovered at the rate mentioned above, calculated on the Annual Statement of Rates for: (i) 2001, where conversion occurred on or before 31 December 2001; and (ii) the year of conversion, where conversion occurred on or after 1 January 2002.

This marks a shift from recurring annual levy to a capitalised one-time charge.

## Financial and Institutional Impact

This reform has several important implications:

- **Elimination of dual approvals**, reducing procedural delays;
- **Improved certainty in project timelines**;
- **Capitalisation of conversion cost**, enabling clearer project underwriting;
- **Institutional consolidation**, shifting conversion authority from the Revenue Department to the Planning Authority.

From a development perspective, replacing annual assessment with a one-time premium improves financial modelling clarity and may positively impact project viability and financing structures.

## Conclusion

The amendment represents a structural reform in Maharashtra's land governance framework. By aligning land conversion with planning approvals and eliminating duplicative permissions, the State Government has taken a meaningful step toward procedural simplification and regulatory consolidation.

Its true impact, however, will depend on administrative implementation and seamless coordination between Planning Authorities and revenue officials in updating land records.

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