



JSA Prism Projects and Infrastructure

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Maharashtra exempts renewable energy projects under notified schemes from non-agricultural permissions and taxation

The Government of Maharashtra ("GoM"), through the Revenue and Forest Department, has issued Circular¹ dated August 7, 2025 ("Circular"), exempting solar and wind energy power generation projects covered under Mukhyamantri Saur Krishi Vahini Yojana, Non-Conventional Energy Generation Policy, 2020 and Maharashtra Green Hydrogen Policy-2023, from the requirement of obtaining a non-agricultural conversion ("N.A.") order/SANAD certificate requirements and associated non-agricultural taxation under the Maharashtra Land Revenue Code, 1966 ("MLRC"), until the amending provisions of the MLRC relating to N.A. use and N.A. taxation are enacted. This marks a progressive step towards India's renewable energy transition and ease of doing renewable energy projects in the state of Maharashtra.

Background

The Circular records that the GoM has decided to abolish non-agricultural tax on land under buildings used for non-residential, commercial, and industrial purposes across the State. Accordingly, the process of amending the MLRC, including repeal of SANAD provisions, is underway.

Further, a GoM Resolution dated January 29, 2025, issued by the Revenue and Forest Department, clarified that N.A. order/SANAD certificates are not required for industrial use of land during the amendment process.

The GoM has actively advanced renewable energy development through 3 (three) key policy frameworks:

1. Mukhyamantri Saur Krishi Vahini Yojana;
2. Non-Conventional Energy Generation Policy, 2020; and
3. Maharashtra Green Hydrogen Policy-2023

The exemptions introduced under the Circular are consistent with the aforesaid initiatives, as these policies had already extended significant concessions with respect to N.A. permissions for solar and wind power generation projects.

Key provisions of the Circular

Exemption from N.A. order/SANAD certificate requirements

Projects established under the following schemes are exempted from obtaining N.A. order/SANAD certificates:

¹ Circular Number: MISC-2025/Pr.Kr.66/J-01A

1. power generation projects established under the Mukhyamantri Saur Krishi Vahini Yojana;
2. solar and wind power generation projects under Non-Conventional Energy Generation Policy, 2020; and
3. projects established under the Maharashtra Green Hydrogen Policy, 2023.

Exemption from non-agricultural tax

The Circular also provides an exemption from non-agricultural tax levies on lands utilised for renewable energy projects. This exemption covers assessment charges typically imposed annually as non-agricultural assessment ordinarily payable by landholders. The exemption represents substantial cost savings for project developers, by eliminating recurring fiscal obligations, which could otherwise aggregate to significant amounts annually depending upon land valuation and municipal jurisdiction.

Simplified compliance procedure

For renewable energy projects covered under the specified schemes, the Circular provides that project holders, after obtaining development permission from the competent planning authority or approval of construction plans from the planning authority, must submit a copy of the same to the concerned Village Revenue Officer for making appropriate entries in the land records. The Village Revenue Officer is required to promptly update the records upon receipt of such information. Further, the Circular directs District Collectors to issue instructions to their subordinate offices to ensure the prompt completion of the process of updating the records of rights.

Analysis of legislative framework

Section 44 of MLRC and provisions of the Maharashtra Land Revenue (Conversion of Use of Land and Non-Agricultural Assessment) Rules, 1969

Section 44 of the MLRC prescribes the procedure for conversion of land use from one purpose to another. Any occupant of unalienated land, or a superior holder of alienated land, or a tenant of such land who wishes to change the use of land, whether from agricultural to non-agricultural, from one non-agricultural purpose to another, or to seek relaxation of conditions attached to prior use, must obtain prior permission from the concerned Collector.

Applications must be made in prescribed form with necessary consents, and the Collector is required to acknowledge the application within 7 (seven) days. After inquiry, the Collector may grant or refuse permission, subject to rules and considerations of public health, safety, convenience, and conformity with development schemes. If no decision is communicated within 90 (ninety) days (or 15 (fifteen) days in the case of temporary use), permission is deemed granted. Where permission is granted, the holder must inform the Tahsildar of commencement of use within 30 (thirty) days, failing which penalties may apply. Upon approval, a SANAD (formal certificate) is issued in the prescribed form, with the Collector empowered to correct clerical errors therein.

The Maharashtra Land Revenue (Conversion of Use of Land and Non-Agricultural Assessment) Rules, 1969 (“**1969 Rules**”) supplement this framework by prescribing detailed application procedures and documentation (Rules 3–4), mandatory consultations with planning authorities and technical clearances as preconditions, issuance of the SANAD in statutory formats (Schedules IV–V), and methodology for levying assessment and penalties.

Taken together, Section 44 of MLRC and the 1969 Rules create a multi-stage process requiring Collector’s oversight, inter-departmental consultation, and formal certification, before any change of land use can take effect.

However, the recent Circular creates a sector-specific exemption for renewable energy projects covered under the notified schemes. In contrast to Section 44 of MLRC and the 1969 Rules, which required a detailed application to the Collector, scrutiny of documents, consultations with planning authorities, technical clearances, issuance of a SANAD, and levy of non-agricultural assessment, the Circular proposes to replace the multi-tiered approval system with a single planning authority clearance alongwith record-updation.

This measure is expected to significantly reduce compliance burdens, shorten conversion timelines and thereby shorten project timelines.

Sections 42A, 42B, 42C, 42D and 44A of MLRC

Sections 42B, 42C, 42D and 44A of the MLRC carve out situations where a separate N.A. permission under Section 44 is not required. Specifically, where the proposed use of land is already provided for in a sanctioned or draft Development Plan or Regional Plan prepared under the Maharashtra Regional and Town Planning Act, 1966, the land is deemed converted to such use upon payment of the prescribed conversion tax, N.A. assessment, and other government dues. Section 44A further provides an exemption for bona fide industrial use of land situated within designated industrial zones of approved development or regional plans, subject to conditions such as clear title, proper access, absence of conflicting reservations, and conformity with the overall planning scheme.

The Circular builds upon this principle and extends it to renewable energy projects implemented under designated state policy frameworks.

Implications

Application

The exemptions introduced by the Circular are intended to operate as an interim measure until the MLRC is formally amended to repeal the provisions relating to non-agricultural tax and conversion permissions.

Inter-departmental coordination

For the provisions of the Circular to be effectively implemented, coordinated action is required among planning authorities for development permissions, village revenue officers for timely record updates, and District Collectors for oversight and issuance of instructions to subordinate revenue office to ensure the prompt completion of updating the records of rights.

Potential concerns

While the Circular provides immediate regulatory relief, its interim nature may still raise concerns. Since the exemption is based on an executive circular rather than a statutory amendment, lenders and investors may remain cautious until the MLRC is formally amended to repeal the underlying provisions on non-agricultural tax and conversion permissions. This could translate into challenges such as investor hesitation over policy continuity, uncertainties in structuring renewable energy agreements and land lease arrangements, complications in title examination where the permanence of the exemption remains unclear, and difficulties in designing insurance and risk allocation frameworks for projects with long gestation periods.

Precedent value

The Circular sets a precedent for similar exemptions in other states, with a potential to accelerate India's renewable energy transition while simultaneously exerting competitive pressure on a state's legal and revenue frameworks.

Conclusion

The Circular marks a significant policy intervention, advancing India's renewable energy objectives by removing key regulatory and fiscal hurdles for solar and wind energy projects in Maharashtra. Nevertheless, stakeholders must closely monitor the ongoing MLRC amendment process to ensure long-term compliance and evaluate implications for project structuring, financing and operational continuity. While the Circular offers immediate relief; its interim nature underscores the need for continuous legal monitoring and agile compliance strategies to effectively navigate Maharashtra's evolving renewable energy regulatory landscape.

Projects, Infrastructure and Real Estate Practice

JSA has a leading national practice in Projects and Infrastructure, spanning across diverse sectors such as (a) Energy & Natural Resources (Power, Oil & Gas, and Mining and Minerals); (b) Transport (Roads & Highways, Ports, Railways/Rapid Transit Systems, and Aviation); and (c) Municipal Infrastructure (including Water & Sanitation, Waste Management, Smart Cities and Telecom). In these areas, JSA has significant expertise in providing comprehensive legal services across all aspects of the projects and infrastructure space. Our services include, *inter-alia*: (a) identification and assessment of project risks; (b) advising on legal structures for implementation of the projects (including both wholly private infrastructure projects and PPP projects); and (c) drafting and negotiation of a wide range of project-related documents such as RFPs, concession agreements, project implementation agreements (including power purchase agreements, fuel supply agreements, tolling agreements and other off take agreements), EPC and O&M contracts, as well as various sub-contracts.

The focus of our legal services is to safeguard our clients' interests by mitigating risks to the greatest extent possible and ensuring that the project risks are efficiently allocated amongst stakeholders in line with their agreed commercial understanding.

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Our clients comprise a broad cross-section of Indian and International, Institutional and private entities, including developers, real estate advisers, banks, real estate funds, high net worth investors, governments, major retailers, hotel owners and operators, as well as warehousing and logistic players.

We are engaged across the full spectrum of real estate classes and are actively involved in legal and regulatory matters relating to construction and development of hotels, retail malls, residential and commercial complexes, warehouses, logistic parks, renewable energy projects, manufacturing industries, IT and Industrial parks and Special Economic Zones.

Our expertise includes *inter-alia*, (a) drafting, reviewing and negotiating a wide range of documentation, including agreements for sale, conveyance deeds, development agreements, joint development agreements, lease and licence deeds, and hospitality management agreements (b) advising on regulatory matters under RERA, foreign investment laws, and sector-specific approvals, (c) advising on title due diligence, township development, etc.

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21 Ranked Lawyers



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12 Ranked Lawyers



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