

March 2026

Maharashtra Land Revenue Code (Second Amendment) Act, 2025: Streamlining non-agricultural land conversion in Maharashtra

The Government of Maharashtra has introduced the most significant structural reforms to land use regulation in the State in recent decades through the Maharashtra Land Revenue Code (Second Amendment) Act, 2025 (“**Amendment Act**”). The State Legislature by amending the Maharashtra Land Revenue Code, 1966 (“**MLRC**”) has moved away from a revenue-driven permission system towards a planning-based framework aligned with the Maharashtra Regional and Town Planning Act, 1966 (“**MRTP Act**”).

The Amendment Act notified on December 31, 2025 after receiving the assent of the Governor, changes how agricultural land can be converted for Non-Agricultural (“**NA**”) use. The reform removes several procedural hurdles that previously caused delays and uncertainty for landowners and developers.

Legislative background

Before this Amendment Act, conversion of agricultural land for NA purposes required multiple steps *viz.*, prior permission from the Collector, issuance of a NA *Sanad*, and payment of recurring NA assessment in the form of an annual charge.

These requirements were governed by various provisions of the MLRC, including Sections 42, 42A to 42D, 44, 44A and allied provisions, read with the Maharashtra Land Revenue (Conversion of Use of Land and NA Assessment) Rules, 1969.

Therefore, for development of projects while NA *Sanad* was required to be obtained from the State’s revenue department under the MLRC, a developer also had to approach the State’s planning authorities for development approvals under the MRTP, thereby dealing with 2 (two) separate authorities under 2 (two) separate legislations.

Key amendments introduced under the Amendment Act

Deletion of definitions and enabling provisions

The Amendment Act deletes Clause (7-A) and Clause (21) of Section 2 of the MLRC, which were linked to the NA permission and assessment framework. The Amendment Act has also deleted sub-Section (2) to sub-Section (6) of Section 41 of the MLRC, thereby removing ancillary procedural provisions connected with the said process.

Substitution of Section 42: Abolition of Collector’s permission

Section 42 of the MLRC has been entirely substituted with a new section which provides for the following:

1. no permission of the Collector is required for change in use of land from agricultural to NA, provided such use is permissible under a draft or final 'Development Plan'¹ or 'Regional Plan'² prepared and published under the MRTTP Act, or under Development Control Regulations, 1991 or other rules, regulations, orders or guidelines issued thereunder;
2. the concerned 'Planning Authority'³ is empowered to grant development permission or approve building plans, and this approval is sufficient to effect lawful conversion of land use;
3. grant of development permission or approval of building plans does not, by itself, alter the occupancy status of land other than Class-I occupancy land; and
4. upon grant of development permission or building plan approval, necessary changes are required to be effected in the revenue records in accordance with such permission or approval.

This provision establishes planning permission as the sole trigger for lawful NA use, displacing the Collector's discretionary role under the earlier section 44 of the MLRC.

Comprehensive deletion of NA conversion and assessment machinery

Sections 42A, 42B, 42C and 42D of the MLRC are deleted. Earlier these provisions carved out multiple situations where separate NA permission was deemed unnecessary subject to specified conditions and payment of assessment. These fragmented exemptions are now consolidated into the substituted Section 42 under the Amendment Act.

Additionally, the Amendment Act has deleted Sections 44 and 44A of the MLRC, which were the key provisions of the earlier conversion permission and *Sanad* framework. It has also deleted Sections 45 and 46 of the MLRC, which were consequential provisions. Together, these changes remove the statutory basis for requiring a *Sanad* or Collector's order for NA use.

Section 47A of the MLRC, relating to NA assessment has also been deleted. The Amendment Act has done away with the entire chapters on the NA assessment machinery.. Chapter VII and Sections 108 to 120, which previously set out the NA assessment and related machinery, have been repealed. Corresponding amendments have been made in Sections 67, 125 and 328 of the MLRC to remove references to these repealed provisions.

Introduction of one-time premium

Section 47 of the Amendment Act replaces recurring NA assessment with a one-time premium linked to the market value of land (as per the Annual Statement of Rates⁴).

The one-time premium will be calculated as per the following slabs:

For land area upto 1,000 square metres	0.1% of market value
For land area more than 1,000 square metres and up to 4,000 square metres	0.25% of market value
For land area more than 4,000 square metres	0.5% of market value

In cases where conversion took place on or before December 31, 2001, the annual NA assessment is replaced with a one-time premium calculated based on the Annual Statement of Rates (ASR) applicable for the year 2001. For land converted to NA use on or after January 1, 2002 but prior to the commencement of the Amendment Act, the annual assessment is replaced by a one-time premium calculated based on the Annual Statement of Rates applicable in the

¹ The 'Development Plan' is defined under Clause 2(9) of the MRTTP.

² The 'Regional Plan' is defined under Clause 2(25) of the MRTTP.

³ The 'Planning Authority' is defined under Clause 2(19) of the MRTTP.

⁴ The 'Annual Statement of Rates', commonly referred to as the Ready Reckoner Rate in Maharashtra, is determined and published under the Maharashtra Stamp (Determination of True Market Value of Property) Rules, 1995, framed under the Maharashtra Stamp Act 1958.

year of conversion. Additionally, the State Government retains the power to grant exemptions for projects serving public purposes or public interest.

Legal and practical implications of the reform

The Amendment Act firmly shifts land use governance from revenue authorities to planning authorities. This reduces duplication and procedural delays and is expected to improve efficiency in project approvals and eventually project construction and delivery. Moreover, replacing the payment of annual NA assessment with a one-time premium also removes a continuing financial burden linked directly to clear identification of project costs and financial feasibility of projects. Although, property taxes payable to local authorities remain unaffected. Historically, the absence of a *Sanad* or NA order was treated as a title defect. After this Amendment Act, such issues may not arise as long as valid planning permission is obtained and the required one-time premium is paid. Legally, careful examination will still be required for older land conversions, particularly to verify compliance with the transitional premium provisions applicable to pre-amendment cases.

Conclusion

The Amendment Act represents a major structural reform in land regulation. By eliminating Collector-centric approvals, removing *Sanad* requirements, and introducing a rational one-time premium system, the amendment simplifies the process of converting land for NA use while maintaining regulatory oversight through planning laws. Overall, the reform aligns land administration with modern urban planning needs and is likely to have far-reaching implications for real estate development, infrastructure projects, and land transactions across the State of Maharashtra.

Real Estate Practice

JSA is widely recognised as having one of the premier Real Estate Practices in India, and it is one of the most sophisticated and highly diversified commercial Real Estate practices, led by knowledgeable and experienced Real Estate experts at each of our offices in Gurugram, New Delhi, Mumbai, Bangalore, Hyderabad and Chennai. Our clients use our services for some very challenging and complex Real Estate transactions, which require thoughtful and practical advice.

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, and others.

We are primarily involved in legal and regulatory issues for various types of real estate projects, including in relation to the construction and development of hotels, malls, residential and commercial complexes, warehouses, IT and industrial parks, and Special Economic Zones.

We have been involved in conducting legal due diligence in relation to such projects and have drafted and reviewed various types of documents, including transaction documents such as (a) shareholders', subscription and share purchase agreements; (b) development agreements; and (c) joint venture agreements and other related documents and agreements.

During the course of our practice, we have also been involved in the drafting and reviewing of (a) agreements for sale; (b) conveyance deeds; and (c) lease deeds.

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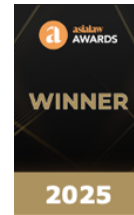
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