

REQUIREMENT OF SANAD PRIOR TO INDUSTRIAL USE REMOVED BY MAHARASHTRA GOVERNMENT

Introduction:

The Revenue & Forests Department of the Government of Maharashtra ("GoM") has, under its latest circular dated January 29, 2025 bearing no. NAP-2024/P.No.180/J-1A ("Circular"), exempted industrial units from the condition of obtaining a *sanad* prior to the unit commencing non-agricultural ("NA") industrial use of lands, provided that the necessary development permission has been obtained from the concerned local / municipal / development authority.

Background:

With the end-goal of increasing industrial investment, the GoM has from 2017-18 onwards introduced various statutory amendments, circulars, notifications and government resolutions for opening more agricultural lands to development and also simplifying the processes related to conversion of lands to NA use. Some of these measures for boosting NA use of lands include:

- ✦ granting deemed permission for NA conversion of lands within draft / final development plan limits or for bonafide industrial purpose;
- ✦ authorising the Tahsildars to issue *sanad* in Form 'A' to owners of lands eligible to be converted to NA use subject only to proof of payment of conversion tax and NA assessment,
- ✦ directing planning authorities to not insist on specific NA use permission for lands covered by the provisions of Sections 42, 42A, 42B, 42C and 42D of the Maharashtra Land Revenue Code 1966 ("MLRC");
- ✦ providing for automatic / deemed conversion of eligible lands to NA use, simply upon development permission being granted therefor, by the concerned development authority after which only a *sanad* would be required to be obtained from the competent local revenue authorities for certifying valid NA use.

Key provisions of the Circular:

Despite the above provisions, prior to issuance of the present Circular, a *sanad* was required to be obtained after the payment of the conversion tax and NA assessment, as a pre-requisite to NA use being commenced. Hence, with a view to promote industrial activity in the State, the GoM has issued the Circular, removing the requirement of obtaining a *sanad* from the revenue authorities for industrial users. Now, before proceeding to use agricultural lands for NA industrial uses, an industrial unit merely needs to apply for and obtain valid development permission and submit a copy thereof to the concerned village revenue officer for making corresponding entries in the revenue records as soon as possible.



This change will eliminate the original multi-step process of obtaining NA use permission, paying the conversion tax and NA assessment as levied, causing revenue records to be updated to reflect grant of NA permission and finally, applying for and obtaining the development permissions for NA use.

The Circular also indicates that the requirement of a *sanad* is also proposed to be removed from the statute itself i.e. deletion of the relevant provisions of Sections 42A, 42B, 42C, 42D and 44A of MLRC but since legislative action would take time since the Assembly is not in session and the bill would have to be passed in both houses of the Assembly. Therefore, the GoM deemed it necessary to remove the requirement expeditiously by way of a circular.

Benefits to Industrial Users:

The Union Government's Ease of Doing Business program as well as the Business Reforms Action Plan 2024, require all states to focus on *inter-alia* initiating necessary changes and actions for streamlining the process of obtaining of approvals for setting up of new industries, from the stages of land acquisition development till the commencement of operations.

The Circular is another measure by the GoM to achieve dual goals of bolstering the existing provisions for industrial growth of Maharashtra and following the directives prescribed under the Business Reforms Action Plan 2024. It will also help improve Maharashtra's position in the Ease of Doing Business rankings from rank 13 as per the 2020 Rankings.

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