

**INDIA POLITICAL ECONOMY PROGRAM RESEARCH PAPER**

# **REFORMING AGRICULTURAL LAND CONVERSION LAWS IN STATES**

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## Abstract

Land is central to structural transformation, yet in India it remains constrained by regulatory regimes that prevent it from shifting to higher-valued uses. Although agriculture's share of output has fallen sharply, nearly half the workforce remains in low-productivity farming, reflecting persistent spatial misallocation. This paper examines agricultural land-use conversion laws across 20 Indian states and documents the scale and complexity of the regulatory barriers governing conversion from agricultural to non-agricultural use. Using a comparative institutional analysis, we show that conversion is subject to a stacked, serial approval regime involving multiple statutes, authorities, and veto points, imposing high transaction costs without clear economic justification.

We assess the impact of easing these constraints using a close-border difference-in-differences design comparing districts in Telangana and Andhra Pradesh. We find that institutional reforms accelerating land conversion are associated with significantly faster growth in built-up area, with Telangana converting land at roughly 1.3 times the pace of comparable Andhra Pradesh districts. We conclude by analyzing Andhra Pradesh's 2025 repeal of its conversion law and argue that meaningful reform requires outright repeal rather than incremental simplification.

*JEL* codes: O18, O14, R14, R52, P48

Keywords: land-use regulation; agricultural land conversion; structural transformation; urbanization; regulatory barriers; India; political economy

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On the cover: Pillar of Ashoka (detail) at Sanchi, Madhya Pradesh, India. The pillars of the emperor Ashoka the Great (268–232 BC), renowned for their polished sandstone and intricate carvings, were dispersed throughout the Indian subcontinent and carried imperial edicts promoting moral and ethical conduct. The Lion Capital of Ashoka, which tops the pillar at Sarnath, Uttar Pradesh, has been adopted as India's national emblem. Twenty of the pillars of Ashoka still survive.

**L**and sits at the center of every developing economy’s structural transformation. When economies shift from being agrarian to industrial to service and knowledge driven, the way they use land must also change. Fields must become factories, factories must become office parks, and villages need to expand into cities. This reallocation of land determines whether transformation succeeds or stalls.

South Korea illustrates this transition clearly. In 1960, agriculture employed roughly 68 percent of the workforce and generated about 37 percent of GDP.<sup>1</sup> By 2020, agriculture accounted for less than 5 percent of employment and roughly 2 percent of output.<sup>2</sup> This shift required massive land reallocation. Agricultural land use decreased from nearly 2.3 million hectares in the early 1970s to under 1.6 million hectares by 2020, while urban and industrial land use expanded rapidly. Reforms establishing clear property rights and titling, as well as allowing land-use change, enabled the conversion of agricultural plots to industrial estates and made urban expansion possible.<sup>3</sup>

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1. Jungho Yoo, “Neoclassical versus Revisionist View of Korean Economic Growth,” Development Discussion Paper No. 588, Harvard Institute for International Development, Harvard University, 1997, cited in Arvind Panagariya, *India: The Emerging Giant*, (Oxford University Press, 2008) p. 113.

2. “Employment in Agriculture (percent of Total Employment)—Korea, Rep,” World Bank Open Data, The World Bank Group, 2024, <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=KR>; “Agriculture, Forestry, and Fishing, Value Added (percent of GDP)—Korea, Rep.” World Bank Open Data, The World Bank Group, 2024, <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=KR>.

3. Sung-Chan Hong, “Land Reform and Large Landlords in South Korea’s Modernization Project,” *Seoul Journal of Korean Studies* 26, no. 1 (2013): 23–45.

India now confronts a similar imperative but under vastly different conditions.<sup>4</sup> Indians make up roughly 17 percent of the world's population living on only 2.5 percent of the global landmass, representing one of the lowest levels of land per capita across the world.

Agriculture's share of GDP has fallen to roughly 16 percent for FY 2024, yet it employs nearly half the workforce.<sup>5</sup> This suggests profound spatial and economic misallocation. Workers remain trapped in low-productivity rural areas because land markets function poorly.<sup>6</sup> Fragmented holdings, unclear titles, and restrictions on land sales keep agricultural land locked in place.<sup>7</sup> Meanwhile, firms struggle to scale and cities struggle to expand, as land assembly for industry, infrastructure, and housing remains difficult and slow. Until Indian states reform land-use conversion, India's economy will not undergo the structural transformation required for growth and prosperity.

Land is fixed in amount (inelastic),<sup>8</sup> immobile, and impossible to import. These three traits make land a unique factor of production.

In a well-functioning market economy, resources flow to their highest-valued use. If steel is worth more as a component of surgical instruments than as fence posts, whoever figures this out first profits. This profit opportunity does

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4. According to the Economic Survey 2010-11, the services share of GDP at current prices rose from 30.5 percent in 1950-51 to 55.2 percent in 2009-10; it further increased from 51 percent in 2013-14 to about 55 percent in 2024-25. Ministry of Finance, Government of India, Economic Survey 2010-11, vol. 1, chap. 10, "Services Sector" (services share 30.5 percent in 1950-51 and 55.2 percent in 2009-10), <https://www.indiabudget.gov.in/budget2011-2012/es2010-11/echap-10.pdf>; Economic Survey 2024-25, chap. 8, "Services: New Challenges for the Old War Horse," <https://www.indiabudget.gov.in/budget2025-26/economicsurvey/doc/eschapter/echap08.pdf>. India's share of global services exports climbed to about 4.3 percent from 1.9 percent in 2005, making India the seventh-largest services exporter. India is still officially only 31 percent urban, according to Census 2011, but cites projections that around half of the country's population will live in urban areas by 2050, implying a continuing major shift of people and activity from rural to urban spaces. Ministry of Finance, Government of India, Economic Survey 2023-2024, p. 466, <https://www.indiabudget.gov.in/budget2024-25/economicsurvey/index.php>.

5. Ministry of Finance, Government of India, Economic Survey 2024-25, chap. 09 "Agriculture and Food Management" <https://www.indiabudget.gov.in/budget2025-26/economicsurvey/doc/eschapter/echap09.pdf>.

6. On the role of land market imperfections in raising the cost of moving labor out of agriculture, see Klaus Deininger, Songqing Jin, and Meilin Ma, "Structural Transformation of the Agricultural Sector in Low- and Middle-Income Economies," *Annual Review of Resource Economics* 14 (2022): 337-361.

7. Shruti Rajagopalan, "Mises's Dynamics of Interventionism: Lessons from Indian Agriculture," *Southern Economic Journal* 89 (2023): 657-679; A. V. Swamy and Tirthankar Roy, *Law and the Economy in a Young Democracy: India 1947 and Beyond*, (University of Chicago Press, 2022); Maitreesh Ghatak and Sanchari Roy, "Land Reform and Agricultural Productivity in India: A Review of the Evidence," *Oxford Review of Economic Policy* 23, no. 2 (2007): 251-269; Timothy Besley and Robin Burgess, "Land Reform, Poverty Reduction, and Growth: Evidence from India," *The Quarterly Journal of Economics* 115, no. 2 (2000): 389-430.

8. David Ricardo, *On the Principles of Political Economy and Taxation* (Liberty Fund, 2004). However, it should be noted that land's fixed and perfectly inelastic nature is truer of agriculture. Technology and regulation make land, or rather space built upon land, relatively elastic.

not last long. Others notice, compete for the steel, and bid up its price until the gain disappears. At that point, steel flows almost automatically to surgical instruments because fence makers cannot afford to compete when the steel is priced higher. But over time, more steel mills produce more steel to accommodate the demand for all the uses. This happens through the price system, and it is so much a part of everyday life that we barely notice it.

Highest-valued use has two meanings. Sometimes it is about what the resource becomes—a scalpel instead of a fence post. And sometimes it is about who uses it—the most profitable firm making surgical instruments instead of a badly managed firm making the same instruments. For any resource, such as land, to flow to its highest-valued use, it must be possible for its use to change (for example, from factories to apartments) and its user to change (for example, through sale or leasing). In this policy paper, we discuss the various regulatory hurdles to changing land use in India. We restrict ourselves to use, not because the changes in use and user cannot happen simultaneously, but because India’s land-use regulations are primarily designed for controlling the use of land that has been classified as “agricultural.”

In India, land and agriculture are both state subjects. And each state has different restrictions on changing land use and also different procedures for when land-use conversion is allowed.

In the 20 states covered in this paper,<sup>9</sup> the procedure for change of land use rests on more than 50 primary statutes and state rules, read together with hundreds of government orders, notifications, and circulars and implemented through over 70 offices and committees.<sup>10</sup> What appears to be a simple “change of land use” is, in law, a regulatory template that requires a landowner to navigate six to eight distinct stages: clearing title and site plans; filing prescribed applications; passing pre-scrutiny for tenure and compliance with ceiling limits; securing town-planning approval for zoning compatibility; passing on-site inspections for ground use and encroachment; collecting interdepartmental clearances from irrigation, panchayat, environmental, and other authorities; waiting out statutory timelines or chasing deemed approvals; and then remaining

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9. Kerala, Odisha, Rajasthan, Haryana, Uttar Pradesh, Himachal Pradesh, Bihar, Tamil Nadu, Jharkhand, Chhattisgarh, Goa, Punjab, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Karnataka, West Bengal, Uttarakhand, and Andhra Pradesh (treated as a repeal case). We exclude the eight northeastern hill states—that is, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim. This exclusion does not imply that these jurisdictions lack land-use regulation; it only reflects the fact that their mixed statutory-customary land regimes require a separate treatment beyond the scope of this paper.

10. All references to procedures related to the conversion of land use across different states are based on Appendix I as compiled by the authors.

in good standing by starting the new use within fixed time limits and defending against appeals or adverse orders.

The detailed appendix provides a state-by-state reference table for each of the 20 states covered, documenting the legal framework (primary statutes and rules), the step-by-step conversion process and procedures, the authorities involved at each stage, the cost of conversion (fees, premiums, and assessments), and the penalties for unauthorized use. These tables allow direct comparison of regulatory burden across jurisdictions and reveal the enormous variation in procedural complexity, fee structures, and enforcement mechanisms that landowners face depending on where their land is located.

We detail the different procedures for conversion of land use and the enormous regulatory burden they impose without creating any direct policy benefits. We show, through the examples of Andhra Pradesh and Telangana, how easing land-use conversion can accelerate spatial transformation. Using a close-border difference-in-differences design comparing adjoining districts, we find that Telangana's post-2010 reforms accelerated land conversion and the corresponding building activity on land, at roughly 1.3 times the pace observed in comparable Andhra Pradesh districts, closing approximately one-quarter of the historical built-up gap in a single decade.

We conclude by recommending that states follow the example of Andhra Pradesh, which in 2025 repealed its conversion law entirely, recognizing that the regulatory framework had become redundant given existing controls under urban development authorities. Eliminating the conversion-permission requirement outside master-plan areas would allow land to respond to market signals, enable farmers to exit unproductive agriculture, reduce opportunities for rent extraction, and permit cities and firms to assemble land more efficiently.

### The Peculiarity of Land

In the market process, resources are constantly changing hands, location, and uses. Change in location includes moving resources across nations through international trade. But land cannot move, which has two implications. First, if it gets trapped in a bad regulatory environment, it cannot be relocated. Second, it cannot be imported from well-functioning markets to increase its supply. Therefore, easily allowing land to change user and use is critical to enable structural transformation.

Agricultural land is inherently inelastic because its productivity depends on fixed natural factors like soil quality and climate. Technology cannot multiply it the way it can multiply usable space in nonagricultural settings, where

building upward or increasing floor-space index effectively creates more land from the same plot. Regulations that restrict agricultural land conversion lock in this natural inelasticity, preventing it from responding to market signals that would otherwise pull it toward higher-value uses. For instance, in cities such as Mumbai, where land is scarce and the opportunity cost of its use is high, housing is a better use of land than parking. When land-use rules allow land to shift to its most productive use, it ends up in the hands of developers who can profitably supply apartments, rather than being trapped in low-value uses.

Take the Vidarbha region. Land is limited, and cotton and soybeans compete for the same black soil and weather in the state of Maharashtra and parts of Madhya Pradesh. Both crops thrive in the region's regur soil and monsoon climate. Both are kharif crops, planted when the rains come. Since the crops both grow in the same season, a farmer may only plant cotton or soybeans at any given time.

Cotton historically dominated because global textile demand kept prices high and Indian cotton has had strong export markets. But soybeans have gained in share over the past two decades. Soybeans mature faster, taking three to four months versus cotton's five to six months. Soybeans also need less labor and fewer pesticide applications. When soybean prices rise on global oilseed markets or when cotton prices crash because global supply increases, farmers switch crops.

The calculation may shift every season, depending on weather and global factors. Farmers in the district of Akola in Maharashtra check both crops' prices, weigh input costs and labor availability, and then decide their harvest. If they can use Bt Cotton, which is genetically modified and requires less water and fewer pesticides, or if cotton futures look strong, and if they can tolerate the longer growing period and higher labor needs, they plant cotton. If soybean prices are good and they want a quicker turnaround with less climate risk, they plant soybeans. The fields grow whichever crop is highest value that year.

The land does not move or change, but its use does. Prices carry information about global cooking oil demand, Chinese textile imports, domestic crushing capacity, pest pressures, and monsoon predictions. The farmers do not need to know all these variables. They simply respond to prices and determine which crop pays better; then the land flows to its highest-valued use.

Now imagine if such farmers are not allowed to change the land use from growing cotton to soybeans. Or imagine they are allowed to change the use only after getting a permit, which involves eight steps and four authorities. Readers may be skeptical that this is what land-use conversion is about. But this is precisely what happens when a farmer in Kerala wants to

convert a rice paddy for a different use. Consider a farmer in Palakkad, Kerala, whose paddy fields become waterlogged. Labor costs triple, mechanization becomes impossible, and the rice yields lower returns. The farmer learns that rubber commands premium prices, the trees require less labor, and income is steady for decades. In any well-functioning market, the farmer would drain the fields, raise the soil level, and plant rubber saplings.

In Kerala, this economic logic is criminal.<sup>11</sup> Such farmers can grow “intermediary crops” on paddy fields, such as vegetables or tapioca, between rice seasons since they are short-term and reversible.<sup>12</sup> But they cannot plant “permanent crops” like rubber, coconut, or arecanut. Since rubber cultivation requires permanently drying the land, it would destroy the “wetland character” and constitute an illegal conversion.<sup>13</sup> The penalty is up to two years’ imprisonment and fines, with authorities empowered to order restoration to paddy cultivation.

The control extends further. If such farmers decide that paddy cultivation is not worth continuing and leave their fields fallow, the state can force them to farm paddy.<sup>14</sup> Refuse, and the local committee can transfer cultivation rights to joint farmer societies or self-help groups.<sup>15</sup> The farmers retain the land’s title but lose the right to decide what can be grown on it and whether they can work their own land. This is anti-farmer and anti-efficiency.

These regulations sound absurd, and they are economically absurd. But once you investigate the rules, any ostensible reason can be created to justify such bans and permissions. Maybe one state wants to “encourage cotton” because there is a new textile production-linked-incentive scheme in which cotton is deemed an “essential” input. Another state insists on such bans to ensure food security. The worst example is a state that decides to specialize in a particular crop and prevents farmers from growing anything except cotton. Unfortunately, such restrictive legislation can be found in more than one state.

Think about the immobility of land. A person can move, and capital can flow, but land is rooted. Its value is tied to its location, and the location cannot change. This immobility makes regulation uniquely powerful. Not allowing cotton farmers to grow cotton in the Vidarbha region essentially means telling them they can no longer be cotton farmers. A new zoning rule, a restriction on use, or a limit on construction cannot be evaded by moving the land. The owners must either comply or stop using the land. When regulation makes certain uses unviable, the land remains idle.

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11. The Kerala Conservation of Paddy Land and Wetland Act, 2008, sections 3 and 23.

12. The Kerala Conservation of Paddy Land and Wetland Act, 2008, section 2(ix).

13. *Joseph Peter v. State of Kerala*, Kerala High Court, CRL. MC No. 4721 of 2024.

14. The Kerala Conservation of Paddy Land and Wetland Act, 2008, section 15.

15. The Kerala Conservation of Paddy Land and Wetland Act, 2008, section 16.

Let's step outside agricultural land use, which is the main subject of most land conversion laws in India. What if farmers are allowed to grow any crop they wish, but there are restrictions on switching to any other use? The Vidarbha region, especially right outside Nagpur, is the perfect location for warehouses. Nagpur's location at India's geographic center—the Zero Mile Marker sits there—makes it a natural distribution point. Warehousing and transport companies cluster around the city for access to highways and railways running in all directions. The region is also perfect for solar farms, and the state government incentivizes large solar projects.

Here, farmers looking to exit agriculture face a different problem than the one above. They are not reallocating their own land between cotton and soybeans but trying their hand at another trade. Or they try to lease or sell their land to someone who values it for some other use. The first step is finding the alternative use or user that best fits their plans and capabilities.

For warehousing, land near highways or the Nagpur outer ring road works best. Logistics companies want flat terrain with road access and proximity to transport corridors. A farmer with land fitting this profile can approach developers or brokers who consolidate parcels for warehouse projects. Single small plots rarely work, as most warehouse projects need 20–50 acres at a minimum.

Solar farms require even larger scale. Solar developers want at least 50 acres of contiguous land with good sun exposure and transmission line access. In terms of land use, solar farming mirrors warehousing but with longer lease terms—25 years is standard—and lower annual payments per acre since solar panels generate more modest revenue. To achieve scale, solar developers must own substantial acreage or coordinate with neighbors to assemble a large enough tract. The negotiation centers on lease rates, typically annual payments that exceed the forgone income from farming, but the leases lock up the land for 10–20 years. The farmers sign away cultivation rights but retain ownership, collecting rent instead of growing crops. But the land must still be converted out of agricultural use.

The state does not just regulate land conversion; it also prevents leasing and has highly restrictive criteria for land sales. Until August 2025,<sup>16</sup> if farmers in Nagpur wanted to lease their land to set up solar parks, they would confront the state's eight-step process of land-use conversion and pay the government 75 percent of the land's market value as a premium for conversion to commercial use (potentially crores of rupees upfront) plus a conversion tax; thereafter, annual

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16. Government Circular No. Sankirna-2025/Pra.Kra.66/J-01A, Revenue and Forest Department, Government of Maharashtra, August 7, 2025, <https://mahapreit.in/notice/gr-on-non-agricultural-permission-exemption---solar-and-wind-energy>. After Maharashtra Land Revenue Code (Second Amendment) Act, 2025, these fees have been replaced by a one-time premium. See Addendum and Appendix.

taxes would be levied on the commercial land. If they leased it without government approval, they would face a penalty as high as 40 times the annual tax they would have paid if they had used it for industrial purposes. Farmers in Nagpur faced these barriers for warehouses, but not for solar, because the government introduced a special scheme for solar farms in August 2025 (This position has changed since, see Addendum on the December 2025 amendment). Similarly placed farmers in Gujarat have faced no such barriers since 1996.<sup>17</sup>

While Gujarat exempts certain uses from regulation, states like Andhra Pradesh exempt certain locations. For instance, such states may allow land-use conversion from agricultural to other uses, but only outside the master plan area. The logic is that inside that area, there could be more reciprocal externalities because density is high, but outside the area, the externalities are minimal.<sup>18</sup>

The farmers in Kerala have it even worse. If they want to build houses for their families, they must navigate a five-stage process and commit to using not more than 4,356 square feet of their land for construction.<sup>19</sup> They must prove that they have no alternative land to build a house on. Site inspections follow. Two committees, with five to six members each, prepare reports and review the applications. But if they bought the paddy land after 2008, they face a prohibition on using it for anything else, including housing,<sup>20</sup> and must use it for paddy forever, even if it becomes waterlogged, saline, or economically unviable.

These examples illustrate how, because land cannot move, the cost of bad regulation is uniquely high. When the state restricts how land may be used, or makes changing use costly, bureaucratic, or effectively impossible, it traps an immobile resource in low-productivity activities. Farmers who can easily switch between cotton and soybeans based on prices cannot similarly shift from agriculture to warehousing, solar, or housing without navigating dense layers of permits, inspections, and prohibitions. And unlike labor or capital, land cannot escape these constraints by flowing to another jurisdiction. As a result, regulation, rather than market value, ends up determining what land can become. If India seeks genuine structural transformation, it must treat land as a resource whose value emerges from flexibility, mobility of use, and the freedom to respond to economic signals.

17. The Gujarat Land Revenue Code, 1879, section 65B.

18. Karnataka has become oddly flexible even within the master plan area. If landowners are based inside an approved master plan area, they do not need to persuade any collector or inspection squad to convert their land. They file a short self-declaration with the relevant authority and pay a fee; the land is then treated as converted. There is no site inspection, no interdepartmental no-objection certificates, and no waiting period. This is likely because of the pressures to build and expand the city. But counterintuitively, outside master plan areas, the old machinery still applies: The same farmer can face automatic conversion on one side of a line on the plan, and a discretionary, multidepartment process navigating six stages and about nine authorities to get a clearance on the other.

19. 10 cents if the land is under the panchayat jurisdiction.

20. *Sabeena E.K. and others vs. District Collector, Ernakulam and others*, 2022 (2) KLT 551.

## Why States Regulate Land Use

Land-use restrictions are typically justified by arguing that markets alone cannot solve the coordination problems and externalities that emerge when neighbors affect each other in dense areas. The standard example is a factory moving next to a residential neighborhood, imposing costs on residents—noise, pollution, and traffic—that the factory owner does not pay. This negative externality, the argument goes, means that without regulation like zoning, factories would locate wherever land is cheapest, ignoring the costs they impose on others. The result would be inefficient, with total social costs exceeding total social benefits.

Zoning’s advocates claim that it internalizes externalities. By separating incompatible uses, governments prevent conflicts before they occur. Heavy industry goes in one zone, housing in another, and the separation supposedly makes both more valuable, increasing total welfare. The restriction is defended by pointing to high transaction costs: No factory could feasibly compensate every nearby resident for pollution, and no neighborhood could easily coordinate to pay a factory to locate elsewhere.

But this textbook case rarely holds in reality. To take a typical example, meatpacking in New York did not relocate because it was zoned out. It left because it became too expensive for meatpackers to operate next to residential areas. The demand for commercial and residential space outbid other uses. Market forces typically resolve land-use conflicts, as rising values cause low-value uses to be abandoned.<sup>21</sup> There may be brief overlaps between industry and retail causing temporary externalities, but these externalities resolve themselves through the same market processes that cause them. Zoning simply codifies outcomes that markets would reach anyway, while adding regulatory delays and costs.<sup>22</sup>

Another common justification for restrictions invokes public goods provision. Roads, water systems, and sewage infrastructure require coordinated planning. But this is a different issue from regulating land use to prevent externalities. Public goods coordination calls for governments to lay out infrastructure plans ahead of time and then allow land to be converted accordingly, rather than tightly controlling each conversion through case-by-case permits and approvals.

While we concede that some externalities persist, they are typically reciprocal in nature and arise from dense living and working arrangements, which are not present on agricultural land. A farmer converting land to another use in a rural area imposes no meaningful spillover on neighbors when they switch

21. William Alonso, *Location and Land Use*, (Harvard University Press, 1964); Alain Bertaud, *Order Without Design: How Markets Shape Cities*, (MIT Press, 2018).

22. Robert Ellickson, “Alternatives to Zoning: Covenants, Nuisance Rules, and Fines.” *University of Chicago Law Review* 40 (1973): 681–782, <https://chicagounbound.uchicago.edu/uclrev/vol40/iss4/2>.

land uses. Noise, pollution, and congestion are not binding constraints, and the standard externality arguments simply do not apply. Any externalities that do arise are externalities of the subsequent land use, and that is regulated by another set of codes. Industrial buildings have their own elaborate set of building, fire, and safety codes. Commercial use has another set. Residential use has a third. Externalities that may arise can be addressed by these codes when necessary.

Requiring no-objection certificates from industrial, urban, and fire departments for converting agricultural land, even before the final use is determined, is redundant. This is because India's land-use conversion laws are not substitutes for industrial building codes and permits but operate alongside them. The building codes and permits impose their own burden,<sup>23</sup> but only on those who have already acquired the certificates for change of land use. The permissions required to convert serve no function that building codes do not already serve in contexts where externalities actually matter.

The restrictions become indefensible when they extend far beyond any plausible externality or public goods rationale. Solar fields and warehouses next to existing plots of land growing cotton or soybeans do not create any negative externality. In fact, they may improve land values, bring in better infrastructure, and improve access to electricity and storage for the farmers, representing positive spillovers. State governments restrict land-use changes even when no clear negative externality exists, often responding to incumbent landowners who want to limit competition and preserve rents. A ban on converting farmland far from any city, where no neighborhood effects or coordination problems exist, serves no economic purpose. It enriches current owners at the expense of future residents who face higher housing costs and businesses that cannot access land.

Permits might be defensible if they genuinely addressed market failures. But India's land-use system, which shackles agricultural land, imposes restrictions that go far beyond what any externality or coordination problem could justify, leaving land trapped in low-productivity uses while cities struggle to grow. Preventing the conversion of agricultural land results in no clear benefits but imposes many costs, as discussed in the next section.

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23. Baishali S Bomjan, "#39: ReformScope: Setback regulation," *Prosperiti Insights*, December 4, 2024, <https://prosperiti.substack.com/p/39-reformscope-setback-regulation>; Shubho Roy and Shaunak Desai, "#38: Flatted factories," *Prosperiti Insights*, November 20, 2024, <https://prosperiti.substack.com/p/38-flatted-factories>; Rohan Ross and Shubho Roy, "#27: The Suite Spot," *Prosperiti Insights*, May 29, 2024, <https://prosperiti.substack.com/p/27-the-suite-spot>; Shubho Roy and Anandhakrishnan S, "#26: Breaking the glass ceiling," *Prosperiti Insights*, May 15, 2024, <https://prosperiti.substack.com/p/breaking-the-glass-ceiling>; Bhuvana Anand, Sargun Kaur, and Shubho Roy, "#17: How building laws lock India's factory land," *Prosperiti Insights*, January 24, 2024, <https://prosperiti.substack.com/p/how-building-laws-lock-indias-factory>; Bhavna Mundhra and Shubho Roy, "#2: At the Margin," *Prosperiti Insights*, May 31, 2023, <https://prosperiti.substack.com/p/at-the-margin>.

## The Land Conversion Process Compared Across States<sup>24</sup>

Across the 20 states studied here,<sup>25</sup> for a change of land use from agricultural to nonagricultural, the names of forms, portals, and authorities differ, but the sequence of steps is largely the same: Landowners compile documents, file a conversion request, face pre-scrutiny and site verification, obtain planning and departmental clearances, wait for an order within a fixed or open-ended time, pay charges, have records mutated, and then comply with new tax and monitoring requirements.

### Application and documentation

In almost every state, the process begins when the landholder files a conversion application. The basic documentation is common: a record of rights, the registered title deed or other proof of lawful occupation, a site plan or sketch, and a brief statement of proposed use.

Obtaining the record of rights alone can take up to 60 days in Gujarat and as long as 12 months in Chennai and several districts of Odisha.<sup>26</sup> Though the Digital India Land Records Modernization Programme reports 95.6 percent computerization of rural records, only 67.9 percent of villages can access digitally-signed records.<sup>27</sup> The underlying surveys date to the late 19th century in many districts, with resurveys still incomplete. Applicants often discover their names are missing or incorrect in digitized records, forcing them to correct legacy errors through repeated tehsil visits before even beginning the conversion process.

India's presumptive title/deed registration system compounds the problem. Establishing ownership requires not one sale deed but a chain of past conveyances and encumbrance certificates scattered across registration offices and revenue records. Poor integration between these systems makes assembling an uncontested title chain an exercise in documentary archaeology.

Next, the site plan demands either hiring a licensed surveyor, whose fees can exceed a month's agricultural income, or waiting weeks for overstretched survey staff to visit. In the absence of completed manual or drone-based resurveys, applicants must commission fresh measurements, reconcile them with colonial-era field-measurement books, and obtain authentication from staff who

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24. See Appendix I for details.

25. See footnote 9.

26. Report of the Committee of Streamlining Approval Procedures for Real Estate Projects in India, Volume – I, January 2013, p. 60, <https://www.naredco.in/notification/pdfs/SAPREP-march.pdf>.

27. National Council of Applied Economic Research, Study on Evaluation of Quality of Land Records (report submitted to the Department of Land Resources, Ministry of Rural Development, Government of India, New Delhi) March 2025, <https://cdnbbsr.s3waas.gov.in/s3d69116f8b0140cdeb1f99a4d5096ffe4/uploads/2025/08/20250811120290434.pdf>.

FIGURE 1. AGRICULTURAL LAND CONVERSION PROCESS: CROSS-STATE COMPARISON

State	Application Method	Approval Authority	Clearances Required	Fee Structure	Timeline	Deemed Approval	Key Exemptions	Penalty (Unauthorized)
TEMPERATE	Application + documents	Collector / SDO	3-5 departments	% of market value	~90 days	Varied	Varied	Fine
REFORMED								
Andhra Pradesh				No conversion required				
Maharashtra				No separate Collector permission; planning/building approval + one-time premium				
<b>SIMPLIFIED PROCESSES</b>								
Uttar Pradesh	Single-window Nishesh Mitra	In plan: Auto SDO/SDM Outside: SDO verification post-facto	In plan: none Minimal	In plan: No conversion fee Location-based rates	Varied	In plan: yes Effectively yes	Plan/development areas	₹25K + ₹1,250/day
Machhya Pradesh	Self-assessment online; intimation	In plan: Auto Outside: DC	In plan: None Outside: 15d NOC	Per sq m rates (by location)	0-30 days	In plan: Immediate Outside: Yes (30d)	Broad	Reassess land revenue
Karnataka	In plan: Self-decl Outside: Affidavit	In plan: RDO Ind: HMDDA/DTCP	Revenue, irrigation, gram panchayat	2-3% basic value	0-30 days	Yes (15-30 days)	Industrial <=2ac in master plan	Fine up to 1L; ₹2,500/day
Telangana	Bhubharti/ TG-iPASS (ind)	Collector (multi-level scrutiny)	Zoning, dev plan, site inspection	10-40% of jantri value	15-30 days	Yes (90 days)	TG-iPASS for industrial	Deemed conv + tax + 50% more
Gujarat	Self-declaration in nagarpalika only	SDO with collector oversight	Circle Officer report	10% market value	35-45 days	Yes (90 days)	Bona fide ind (notify in 30d)	Fine 40-80x NA tax
<b>STANDARD PROCESSES</b>								
Bihar	Online portal	Tahsildar	Parallel processing	INR 1000-3 lakh	90 days	No	MSMES, shops, solar, religious	50% of market value of land
Odisha	Online / GO-SWIFT (ind)	Chief Admin / DTCP	Fire, pollution as needed	Location & use-based	90 days	Limited	MSMES exempt via GO-SWIFT	Imprison 6m and/or ₹500
Punjab	Invest Punjab / FastTrack portal	Tehsildar to State (by area)	Inter-departmental	5-10% or per sq m	3-60 days	Limited	Stand-alone ind; MSMES in parks	Imprison up to 3y; fine + ₹1K/day
Rajasthan	Online Form-A	SDO	T&CP, Gram Sabha (PESA areas)	5% residential; higher for ind	15-60 days	Limited	Tourism, small industry	Conversion charges / Interest arrears
Chhattisgarh	Bhuiyan/RCMS portal	Collector / Deputy Collector	T&CP, Forest	60-520/sqm 2x >500sqm	~4 months	Yes (4 months)	Ind parks 100%;	Fine INR 2k-10k
Goa	e-Revenue portal	Director/TCP + Committees	Multiple NOCs + Committees	Conversion + dev charges	60 days	No	Eco tourism; plots <500sqm	Fine = market value of land
<b>COMPLEX PROCESSES</b>								
Haryana	CLU portal	Director/TCP + Committees	Town Planning, Irrigation, hearing	Low per-decimal fees	60 days	Yes	Limited	Imprison up to 3y; Fine 10-50K
West Bengal	BanglarBhumi portal	BLRO to DLLRO (by area)	PWD, CRZ, ASI, Forest, Collector	3% market value	120 days	No	Limited	Imprison up to 3y OR fine ₹50K
Tamil Nadu	Form-1 to Local Authority	Director TCP	Forest, Horticulture, slope stability	10-20 INR/sqm	Varied	Yes if delayed	Dry land simpler	Imprison 3m-3y; fine 50K-1L
Himachal Pradesh	Form-11 to TCP	Outside: SDM Inside: Dev Auth	Public notice + objections; depts	Circle rate based	Varied	No	Limited	Stop notice
Uttarakhand	Online portal	LLMC > DLAC > SLC > Government	Multiple committees	10-50% fair value	Varied	No	Solar, 100% (waiver)	Fine up to 25K; ₹1,250/day
<b>HIGHLY RESTRICTIVE PROCESSES</b>								
Kerala	4 separate streams by land type	DC (tribal restrictions)	CNT/SPT Act compliance	Rent assessment (no % fee)	90+ days	No	Post-2008 paddy prohibited	Imprisonment 6m to 2y
Jharkhand	No clear conversion law				No stat. timeline	No	Tribal land restricted	Imprisonment up to 3 years

Restrictive

Standard

Simplified

cover hundreds of villages. Even obtaining certified copies of existing records requires navigating what state-level anticorruption inquiries describe as “systematic petty bribery,” encompassing khasra extracts, jamabandi, and mutation entries. As a result, the formal first step of conversion is preceded by months of sorting, retrieving, and authenticating documents that the application merely lists as basic requirements.

Bihar, Goa, Odisha, Haryana, Punjab, West Bengal, and Telangana prescribe online filing through revenue or land-records portals. Uttar Pradesh and Uttarakhand link change-of-land-use applications to their e-governance and revenue portals for lands not covered in master plans; in master plan areas, applications are routed through development-authority portals.

Madhya Pradesh replaced the old diversion procedure with “diversion intimation” and self-assessment: The landowner declares the new use on the Bhulekh online system, which calculates the diversion premium and revises land revenue automatically. Karnataka has introduced self-affidavit procedures for land within notified master plan areas: Owners file a declaration and pay the notified per-square-meter charge.

### Pre-scrutiny and tenure checks

Once an application is on file, revenue authorities check whether the land can legally be converted. The standard filters are ceiling-surplus holdings, government or assigned land, land under acquisition, and land covered by special protective statutes (forest, tribal, wetland, coastal zones, eco-sensitive zones).

Each filter requires reconciling revenue entries with forest notifications, acquisition schedules, land-ceiling registers, and digitized databanks of protected uses. Ceiling-surplus determinations involve records that lag behind reality by years, with surplus declarations from past decades still encumbering titles.<sup>28</sup> The prohibition on converting government or assigned land locks in colonial classifications, so lands distributed to scheduled castes remain frozen in original use regardless of changed circumstances.

In Scheduled Areas, the Panchayats (Extension to Scheduled Areas) Act, 1996 and state revenue codes either prohibit or restrict tribal-land transfers, requiring Gram Sabha consent, which can take months to obtain, if it comes at all. Kerala’s Conservation of Paddy Land and Wetland Act, 2008 creates near-total

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28. Ceiling-surplus land is land that a competent authority declares surplus because it exceeds the statutory ceiling on landholdings under a state’s land-ceiling law. Such surplus land generally vests in the state and is meant to be redistributed or allocated for specified public purposes. Therefore, conversion applications often require a check that the parcel of land is not flagged as ceiling-surplus in land records.

prohibition. The Kerala High Court held that paddy land purchased after 2008 cannot be converted at all, while pre-2008 holdings face multilevel committee scrutiny.<sup>29</sup> Forest classifications dating to British demarcations, wetland designations based on historical rather than current hydrology, and coastal zones drawn without regard to existing settlements each create additional veto points. If a parcel falls into any protected category, there is often no legally available path forward.

Authorities in Uttar Pradesh and Uttarakhand verify that the parcel is not ceiling-surplus or government land before progressing the file. Chhattisgarh's tehsildar checks for violations of section 165 of the Chhattisgarh Land Revenue Code, 1959 (regarding tribal-land alienation), tribal-land protections in Scheduled Areas, and diversion of common property resources. Gujarat's prant officer classifies land as old tenure or new tenure; new-tenure land carries additional restrictions and conditions. Kerala's authorities must identify whether the parcel is notified as paddy land or wetland under the Kerala Conservation of Paddy Land and Wetland Act, 2008, in which case the ordinary conversion route may be barred.

### Site inspection and ground verification

Once the file clears initial scrutiny, most states require on-site verification. Field-level staff confirm plot boundaries, current land use, the presence of irrigation works or water bodies, access roads, and encroachments.

A single revenue inspector typically covers dozens of villages with limited transport and no fuel allowance. The same patwaris responsible for conversions also handle mutations, crop-cutting experiments, disaster relief, and election duties. The Digital India Land Records Modernization Programme documentation acknowledges the “long gestation period, voluminous work and time-consuming processes” while noting that local surveying personnel and expertise are scarce.<sup>30</sup> Chief ministers periodically acknowledge conversion timeframes of 100 to 120 days even after online filing, with inspection being the

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29. *Sabeena E.K. and others vs. District Collector, Ernakulam and others*, 2022 (2) KLT 551.

30. Sonmoni Borah, “Digital India Land Records Modernization Programme: Standardizing Land Governance of India” (presentation, 57th plenary meeting of ISO/TC 211 Global Seminar “Standards in Action”), Department of Land Resources, Dashboard (Ministry of Rural Development, Government of India, December 2023, p. 37, <https://committee.iso.org/files/live/users/fh/aj/aj/tc211contributor%40iso.org/files/Presentations/2023-12%20New%20Delhi/2.1.Borah.pdf>; Lok Sabha Secretariat, Standing Committee on Rural Development and Panchayati Raj, Demands for Grants (2024–25) of the Ministry of Rural Development (Department of Land Resources), Second Report, Eighteenth Lok Sabha, 2024–25, December 2024, p. 29, [https://sansad.in/getFile/lsscommittee/Rural%20Development%20and%20Panchayati%20Raj/18\\_Rural\\_Development\\_and\\_Panchayati\\_Raj\\_2.pdf?source=loksabhadocs](https://sansad.in/getFile/lsscommittee/Rural%20Development%20and%20Panchayati%20Raj/18_Rural_Development_and_Panchayati_Raj_2.pdf?source=loksabhadocs).

primary bottleneck. Corruption probes regularly uncover bribe demands linked to land measurements and sketches. The absence of clear protocols for what constitutes an irrigation work or water body creates space for subjective determinations that can kill applications.

West Bengal's Block authorities must give a minimum of seven days' notice, then conduct site measurement, record ground use, and prepare a report. Chhattisgarh's revenue inspector is required to submit geotagged photographs along with the inspection report so that the diversion status can later be audited.

Within master plan areas in Karnataka, conversion for many uses is based on self-declaration and payment, with no separate pre-permission inspection. Tamil Nadu is unusual at the other end of the spectrum: Its rules require the director of town and country planning to issue concurrence, after obtaining a report from the joint director of agriculture (for dry lands) and the prior concurrence of the district collector (for wetlands). And the district collector must personally inspect the site before granting concurrence.

### Interdepartmental clearances

Nearly every state requires multiple departmental no-objection certificates, though the specific departments vary: town-planning departments for zoning compatibility; Gram Panchayat or municipalities for local no-objection certificates; irrigation departments for command-area impacts; public works and roads departments for access and rights-of-way; forest and environment departments for lands abutting forests or protected areas; state pollution control boards for emissions from industrial units on such lands; fire authorities where it is feasible to construct buildings on such converted lands; and public health engineering or groundwater authorities where water extraction or waste disposal is material.

Some of these clearances are required to ostensibly reduce the potential externalities from land conversion. However, the externalities will not be known until the individual landowners know the final use. The noise from a handloom factory is very different from the effluents from a cloth dyeing factory. Further, at that stage, an even more rigorous industrial building-permit process applies, ostensibly designed to review and prevent these same externalities across departments. At this early stage of converting agricultural land, however, the clearances are totally redundant as a means of preventing externalities.

These clearances proceed serially rather than in parallel in most jurisdictions. Applicants apply first to town-planning departments, wait for a response, and then approach the irrigation and environment departments in sequence, often learning the requirements only when objections are raised. Where time

limits exist, enforcement is weak. Goa's recent amendments requiring departments to respond within 20 days acknowledge "habitual" delays by planning and forest authorities.<sup>31</sup> An internal review at the Lucknow Development Authority found applications were stuck simply because applicants did not know which department's no-objection certificate was required.<sup>32</sup> The seriality means a nominally simple conversion involves months of requests and reminders, each with scope for delay or veto.

This ecosystem supports agents and fixers who advertise their ability to manage departmental no-objection certificates, knowing which officials expedite files and the informal payments required at each stage.

States use very different institutional designs to obtain these inputs. Tamil Nadu, Haryana, and Rajasthan follow the classic model: Multiple no-objection certificates or departmental reports are collected separately, and any adverse report can stall the file. Others have shifted these consultations into single-window systems, particularly for industrial projects: TG-iPASS in Telangana, GO-SWIFT in Odisha, Goa-IPB in Goa, and Invest Punjab in Punjab all bundle conversion with other approvals.

### Decision and timelines

The decision-making authority at last issues the conversion order. However, depending on the size of the land or its use, within the same state there can be different authorities issuing the conversion order. In West Bengal, the Block Land and Land Reforms Office handles up to 0.045 hectares, the sub-divisional officer handles 0.045 to 0.40 hectares, and the district officer handles larger parcels. In Rajasthan, based on use, the tehsildar, district collector, or state government issues the conversion order.

This escalation inverts the logic of negative externalities. Larger parcels should generate fewer spillovers per unit area since the converting owner internalizes more consequences. Yet a marginal farmer converting a quarter acre only needs tehsil approval, while a developer converting 50 acres also requires additional state clearance. The larger conversions attract political attention, create rent-extraction opportunities, and affect interest groups that demand more oversight. The design protects bureaucrats' leverage over valuable transactions rather than limiting externalities.

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31. "Land conversion: Depts to get 20 days to submit reports," *Times of India*, November 3, 2022, <https://timesofindia.indiatimes.com/city/goa/land-conversion-depts-to-get-20-days-to-submit-reports/articleshow/95286039.cms>.

32. "No more municipal NOC for map approval," *Times of India*, April 18, 2025, <https://timesofindia.indiatimes.com/city/lucknow/no-more-municipal-noc-for-map-approval-says-lda/articleshow/120391085.cms>.

Statutes and rules often prescribe time limits, which may or may not be backed by deemed-approval clauses. In our sample, Bihar, Himachal Pradesh, Karnataka, Haryana, Chhattisgarh, Gujarat, Telangana, and Uttarakhand all contain some form of deemed-approval clause if the competent authority fails to act within the prescribed time. Rajasthan's provision is an escalation clause—if the original authority misses the deadline, the district collector or divisional commissioner must decide within 30 days—not an automatic deemed approval. Punjab's deemed approval applies specifically to micro, small, and medium enterprises: 3 working days for units in approved industrial parks, 15 days for those in master plan areas outside such parks. Other states, notably Kerala and West Bengal, fix outer limits but do not deem permission granted by default. Appeals or revisions can be made to higher revenue authorities.

### Fee assessment, mutation, and new assessment

Everywhere, conversion attracts a premium or fee followed by a recurring tax assessment on the newly classified land. The formulas differ sharply across states. It is not always a minor fee to cover procedural costs.

Until 2026, Maharashtra levied 50 percent of the market value for agricultural-to-residential conversion and 75 percent for agricultural-to-commercial conversion. This created an impossible problem: Farmers had to raise capital worth nearly the entire land value without being able to sell or mortgage the land, which remained agricultural until after payment. A marginal farmer with two acres could not raise the 37.5 lakh rupee conversion premium on land worth 50 lakh rupees after conversion, but only 10 lakh rupees as agricultural land. Since the value of the land is now tied to the regulatory permit, its value as collateral for loans also depends on the regulatory permit. Banks will not lend against the higher potential value of land in commercial use while it remains unconverted or pending a conversion certificate. The only solution for individual farmers is to sell it at a discount to developers who can front conversion costs, ensuring land aggregation precedes rather than follows conversion. The price of land for agricultural use and land with a conversion certificate are different, leading to regulatory arbitrage and rent creation.

Kerala's schedule for unnotified lands ranges from 10 to 50 percent of the "fair value," depending on plot size and local body. Karnataka, Himachal Pradesh, West Bengal, and Goa use notified per-square-meter or per-decimal rates that vary by location and use rather than a simple percentage of value. Haryana, Punjab, and Uttar Pradesh add development charges on top of the conversion premium. Odisha uses large flat charges for land along highways and

in urban areas, with percentage-of-value formulas elsewhere. Madhya Pradesh's portal computes the diversion premium (conversion premium) and revises land revenue automatically when the landholder files a diversion intimation, thus reducing local discretion.

Once the relevant amounts are paid, the conversion order comes into effect, and the revenue staff can mutate the land record from agricultural to the approved nonagricultural category.

### Compliance, monitoring, penalties, and exemptions

The state's regulatory interference with land conversion does not end with a conversion certificate. Most statutes require that the approved nonagricultural use commence within a fixed period—commonly one year—or else the permission can lapse or be withdrawn. This provision creates a mismatch with downstream approvals: A landowner who secures the conversion permission must still obtain building plan approval, fire clearance, environmental consent, and other use-specific permissions before construction can begin. Again, if the justifications are reducing externalities and providing public goods, allowing permits to lapse within a year or two makes no economic sense. It again reveals that the actual reason is extraction of rents.

If these downstream processes take longer than the commencement window, the conversion permission itself may lapse. Many states authorize periodic inspection by revenue staff or local bodies to verify that the land is being used as permitted and that regulations are being followed. Kerala's paddy-land regime is the most intrusive: Village officers are expected to monitor converted parcels on an ongoing basis, and unauthorized conversion or misuse can trigger demolition, restoration orders, and prosecution.

Penalties vary from regularization fees to criminal sanctions. Telangana treats unauthorized nonagricultural use as "deemed converted"; the owner must pay the full conversion tax plus an additional 50 percent of the conversion tax as a penalty. Punjab exempts stand-alone industrial units from separate land-use-change permission, allowing them to operate on self-declaration if they are in an area permitted for industrial activity and if the access road is at least the minimum width notified by the government; this is an upfront exemption rather than post facto regularization of violations. In contrast, Kerala, Odisha, Tamil Nadu, Jharkhand, Punjab, Haryana, and West Bengal all provide for imprisonment in some cases of unauthorized conversion or violation of orders, alongside fines and possible forfeiture or demolition. Gujarat and Goa impose large monetary penalties: Gujarat can levy up to 40 times the nonagricultural

assessment, and Goa can impose fines up to the full market value of the land. Chhattisgarh's penalties—up to 2,000 rupees plus 1,000 rupees per day of contravention—are modest in comparison.

Instead of repealing the conversion requirement, some states have created exemptions that remove, replace, or narrow the permission step for selected uses. In Karnataka's master plan areas, agricultural land can be converted to another use through self-declaration: the applicant pays the prescribed fee, and the land is deemed converted upon payment. If the diversion is for setting up a new industry, agricultural land up to two acres in such areas is exempt altogether from the statutory conversion procedure. Punjab, Odisha, and Goa offer similar concessions for industry and MSMEs, either through self-certification in place of prior permission, or through exemptions from the conversion procedure for specified land uses.

In Bihar, Himachal Pradesh, Karnataka, Telangana, and Uttarakhand, land-use conversion is deemed approved if the authority does not decide on the conversion application within statutory timelines. Uttarakhand has retained the conversion procedure but waived fees for diverting land for tourism projects and solar power plants.

Rajasthan's rules carve out a series of narrowly defined exemptions for specific uses and circumstances, which in turn complicates the conversion process. No permission is needed for a landholder to use up to one acre for a micro or small industrial unit or a small brick kiln. Conversion charges are waived for specified tourism units and for certain information technology facilities, but only up to the notified area threshold of 465,000 square meters. Conversion charges are also not payable when land is converted for a solar or wind power project, but only where the landholder belongs to a scheduled caste or scheduled tribe.

It is clear that states acknowledge the friction and respond through carve-outs. But these carve-outs also multiply categories and create parallel tracks. Similar parcels of land can face different procedures, fees, and even different competent authorities, depending on where they sit in the land-classification system and the uses to which they are being diverted.

Overall, the conversion process reveals a system built not to manage externalities but to preserve administrative control over an immobile asset: land. The result is a high-friction pathway that prevents land from moving smoothly to its highest-value use, entrenches inequality between those who can navigate or pay their way through the system and those who cannot, and ensures that the formal change-of-use process remains one of the most burdensome regulatory processes in India.

## Binding Constraints in a Stacked Conversion Regime

Land conversion rules matter only when they actually change what landowners do. A regulation binds when it causes someone who would otherwise convert or develop land to not do so or to scale back or delay the project. If a rule exists on paper but almost no one can satisfy it at low cost, it is not in fact doing much to reduce externalities or improve coordination, however well-intended it may be.

The tables in the appendix show that states impose very different formal burdens. Fees range from Rajasthan's 5 rupees per square meter to Odisha's flat charge of 3,00,000 rupees for land near national highways. Timelines range from Telangana's 15-day decision window with deemed approval to Kerala's sequential process through two committees spanning several months with no deemed-approval protection. Some states require geotagged photographs and Gram Sabha consent; others permit self-declaration and automatic processing on payment.

It is tempting to conclude that in a procedurally slow state, the binding constraint must be the fee or the timeline, and that in a reformed state the problem has been solved by a portal or a deemed-approval provision. But what actually binds is not the most visible headline procedural requirement, whether fees, timelines, or paperwork. The binding step is that one requirement that allows or prevents the landowner from a successful conversion.

Land conversion approval is not a single decision. To turn a field into a warehouse or a solar farm, the owner must first get land records in order, persuade the town-planning authority that the new use fits the plan, secure a conversion order from the revenue department, obtain building permission and fire clearance, then meet pollution and water norms, and, in some states, obtain separate approvals from industrial development corporations or local bodies for layout and infrastructure.

The problem lies when states cannot identify which constraint actually binds, so they create exemptions that add complexity in the name of reform.<sup>33</sup> Uttarakhand waives 100 percent of conversion charges for solar and tourism projects while enforcing the complete procedure and charges for everyone else. Punjab grants deemed approval to micro, small, and medium enterprises after 3 working days in approved industrial parks, but 15 days outside them. Haryana layers External Development Charges on top of Infrastructure Development Charges, creating fee structures that vary by use and development entity.

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33. Lant Pritchett, Michael Woolcock, and Matt Andrews, "The Capability Trap: Making Sense of the 21st Century Reform Landscape," Center for Global Development, 2010, [https://www.cgdev.org/sites/default/files/1424651\\_file\\_Pritchett\\_Capability\\_FINAL.pdf](https://www.cgdev.org/sites/default/files/1424651_file_Pritchett_Capability_FINAL.pdf).

Once conversion is seen as a stacked, mostly serial process, the idea of a binding constraint becomes intuitive. If conversion fails at any step, the project fails. The point at which the owners give up or are refused permission is the one that really constrains their behavior. For one owner, it may be the size of the fee. For another, it may be a missing mutation entry from 20 years ago. For a third, it may be the difficulty of using an online portal written in bureaucratic language.

Consider the decision from the owners' point of view. Farmers may see two futures. In one, they keep farming with modest but familiar returns and risks they understand. In the other, they convert the land and lease it to a warehouse developer. That second path entails monetary costs, time costs, and uncertainty at each step. The farmers proceed only if they expect that after bearing those costs, the higher rent from the warehouse will justify the effort.

The point where they stop is the binding constraint. If the title is messy, that is likely to be the first hurdle. In many districts, inheritance has not been fully recorded, informal partitions are common, and there are discrepancies between revenue and registration records.<sup>34</sup> The farmers may discover that before they even think about the conversion fee or the statutory timeline, they have to sort out a mutation that has been pending since their fathers' time. That process can mean repeated visits to the tehsildar's office, negotiation with siblings or cousins, and the risk that an old boundary dispute resurfaces once others learn that the land is more valuable. For such farmers, the true cost of conversion is dominated by the difficulty of producing the papers that the law treats as routine. It becomes even more onerous when something as basic as using agricultural land as collateral for a nonagricultural loan also drags the owners into the conversion machinery.

For a large firm assembling 50 acres for a logistics park, the picture looks different. It can hire lawyers to trace the chain of title, surveyors to reconcile maps with the reality on the ground, and agents to follow up on mutations. Titling entails a cost, but not the one that stops the project. What may bind instead is the size of the fee in a high-fee state or the risk that an interdepartmental committee will hold up the project indefinitely. Karnataka's premium schedule illustrates how costs scale with location: residential conversion charges are higher in and around municipal corporations (defined by corporation limits plus a prescribed buffer distance) than in lower-tier towns and other areas. As a result, a project's

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34. Anirudh Burman, "The Changing Imperatives of India's Land Markets" Mercatus Center, 2022, <https://the1991project.com/writing/essays/changing-imperatives-indias-land-markets>; Anirudh Burman, "Making Land Titles in India Marketable: Using Title Insurance as a Viable Alternative to Conclusive Titling," *Washington International Law Journal*, 28 (2019): 109–138; Vijay Singh Bangari, Apoorva, & Aswani Kumar, "Records of Rights of Indian States as Title Registers: An Assessment." NCAER Working Paper 133, 2022, <https://ideas.repec.org/p/nca/ncaerw/133.html>.

conversion costs can change materially depending on whether the land falls within the corporation-linked distance band or in a lower-tier category.

Online portals create another layer in which constraints can shift. Several states highlight “single window” systems and e-portals as evidence of reform. But a portal itself can be the hardest step. To obtain deemed approval within the statutory window, an applicant must first submit a correct and complete application. That means obtaining documents in the appropriate form and medium, scanning documents, uploading them in the right format, choosing the correct categories, and responding to defect notices that may be written in technical terms. Owners who are uncomfortable with computers or do not have reliable internet access often rely on cyber cafés or local intermediaries, paying again for what is nominally a self-service system. If the practical difficulty lies in getting the application into the system at all, then shortening the official decision period from 60 to 30 days does not change much. The binding constraint is the portal, the middlemen, and their fees, not the clock.

Site inspection and clearances show the same pattern. On paper, inspection looks like a powerful veto point. Officials visit, confirm boundaries and current use, and check for irrigation works or ecological sensitivities. In practice, inspection may be routine and quick in many places, especially where parcels are small and uncontested. For those parcels’ owners, inspection is not what determines whether conversion happens. The harder part may be acquiring no-objection certificates from irrigation departments, gram panchayats, and pollution-control boards that meet infrequently or follow opaque internal procedures.

For other owners, inspection is the decisive step because inspectors are so few and overworked that they delay the inspection. Or a farmer whose land lies within a command area or close to a notified forest may discover when the inspector visits that a decades-old notification or a minor canal running across the field triggers a legal action. The application may then be rejected on grounds that were not evident at the start. The same formal step—inspection—barely matters for one applicant and entirely blocks another.

The escalation of authority with land size inverts the logic of externalities. In Rajasthan, the tehsildar handles residential plots up to 4,000 square meters, the sub-divisional officer plots up to 10,000 square meters, the district collector larger areas up to 50,000 square meters, and the state government anything beyond it. The authority structure protects bureaucrats’ leverage over valuable transactions rather than limiting externalities.

These examples underline three points. First, the binding constraint is not the same everywhere, even within a state. It depends on who the owner is, what the land looks like, and how local offices actually function. Second, the binding

constraint often lies at the intersection between the conversion law and systems such as land records, planning laws, and digital infrastructure rather than the conversion statute alone. Third, the constraint is hard to recognize from the outside. The process is opaque, and failed attempts rarely leave a record that identifies the precise reason why owners give up.

This matters for reform. When governments talk about making conversion easier, they often focus on the most visible levers: cutting fee percentages, shortening statutory timelines, or launching a new portal. These changes are not useless: Where fees are genuinely high or timelines genuinely long, they do matter. But if, in a particular state or district, the step that prevents conversion is the inability to regularize old titles, or the difficulty of uploading documents, or the unpredictability of panchayat-level consent, tehsildar visit, then cutting fees and changing timelines have small effects. They lower the cost of successful action without changing the chance of success in this stacked and broken system.

The asymmetry between owners and the state makes this more than a technocratic problem. The same paddy-land framework that criminalizes farmers who fill their fields to plant rubber or build a small house has not stopped the state government from regularizing cultural complexes or industrial projects built on converted paddy land in Kerala, with post facto approvals justified as “public purpose.”<sup>35</sup>

Thus, landowners compare the expected gain from conversion with the expected cost and risk of navigating the stack. A serious effort to let land flow to higher-valued uses, therefore, must start from actual cases and trace where they fail. It means asking, for each state and each type of owner, at what step people walk away, and why. Only then is it possible to know whether the main problem is the fee, the delay, the paperwork, the portal, or something else entirely, and to design reforms that target the real bottleneck rather than the most conspicuous one.

### Andhra Pradesh’s Land Conversion Repeal

Andhra Pradesh offers a window into how land-use conversion policy has evolved from annual taxation to permission-linked fees to outright repeal. The trajectory reveals both the fiscal logic that drives conversion regimes and the recognition that they often duplicate controls already embedded in other laws.

Until the early 1960s, lands used for industrial or commercial purposes in Andhra Pradesh continued to be assessed as agricultural land because no

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35. K.P. Saikiran, “Govt converts paddy land for cultural complex,” *Times of India*, April 11, 2025, <https://timesofindia.indiatimes.com/city/thiruvananthapuram/govt-converts-5-acres-paddy-land-for-cultural-complex/articleshow/120212731.cms>.

statutory mechanism existed to register or regulate conversions. The state government enacted the Andhra Pradesh Non-Agricultural Lands Assessment Act in 1963 to bring such lands into the tax system. The law imposed an annual assessment on land already in nonagricultural use, with rates varying by population size and land-use category.

In 2000, the Supreme Court held in *Federation of Andhra Pradesh Chambers of Commerce and Industry v. State of Andhra Pradesh* that assessment under the 1963 act applied only to land in nonagricultural use at the time of the levy, not land merely intended or set apart for such use.<sup>36</sup> Implementing this interpretation would have cut the state government's tax demand to 75 percent of the total.<sup>37</sup> The government responded by exempting all industrial units from assessment under the act from April 2000 to March 2005 as an investment incentive, then replaced the annual assessment regime entirely.

The Andhra Pradesh Agricultural Land Conversion for Non-Agricultural Purposes Act, 2006 replaced recurring taxation with a one-time, permission-linked levy at the time of conversion. Section 3 created a prior-permission system for using agricultural land for nonagricultural purposes. Section 4 introduced a one-time conversion fee, initially set at 10 percent of the basic value. The law also built in deemed approval if the competent authority failed to act within the statutory timeline. Section 6 addressed unauthorized conversion by treating such land as deemed converted upon payment of the fee plus a 50 percent penalty.

From the late 2000s onward, the government began implementing land reforms in stages. The first step came in 2009, while the state was still unified. Under the state ceiling law,<sup>38</sup> tracts of land had already vested in the government after being declared surplus. The 2009 policy change allowed the state to allot or dispose of this ceiling-surplus land for infrastructure and industrial projects.<sup>39</sup> This created a ready pool of land that could be put to nonagricultural use without requiring each project to pursue land conversion.

Then in 2012, the government reduced the conversion fee under the 2006 conversion law from 10 to 9 percent, and to 5 percent rate for the municipal corporations of Visakhapatnam, Vijayawada, and Greater Hyderabad, lowering the one-time transaction cost of diverting agricultural land for nonagricultural uses.

When Andhra Pradesh bifurcated into two states in 2014, both successor states inherited the 2006 act but pursued different approaches. Telangana implemented procedural reforms. In 2015, it implemented the Telangana State

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36. AIR 2000 SC 2905.

37. Statement of Objects and Reasons, The Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006, as cited in *R. Veera Raghava Prasad & Others v. District Collector & Another*, Andhra Pradesh High Court, 28 December 2007.

38. The Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act, 1973

39. The Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) (Amendment) Act, 2009.

Industrial Project Approval and Self-Certification System (TG-iPASS) Act, 2014. The law created a single-window system integrating 23 departments and 40 types of approvals. Industrial land conversion was processed alongside factory plan approvals, building permissions, power feasibility, and water connections through a single portal. The system imposed statutory timelines and provided for deemed approvals. The conversion law remained in force, but for industrial projects it was effectively absorbed into this unified-approvals process. In 2016, conversion fees were reduced again. The general rate fell to 3 percent, and the rate for municipal corporations to 2 percent.<sup>40</sup>

Taken together, the regime became steadily more liberal over time. The state expanded its ability to supply land for industry in 2009, reduced conversion charges in 2012 and again in 2016, and then simplified industrial approvals through TG-iPASS in 2015. Andhra Pradesh implemented similar fee cuts in 2018,<sup>41</sup> but it retained much of the earlier process architecture for land-use conversion until 2025.

We evaluate the impact of these successive policy reforms on land-use conversion and structural transformation by examining trends in built-up area between 1990 and 2020. To do so, we employ a close-border difference-in-differences design comparing adjoining districts in Telangana and Andhra Pradesh, which allows us to isolate the effect of institutional changes from confounding geographic and market-based factors. The analysis focuses on Mahbubnagar, Khammam, and Nalgonda in Telangana as treated districts, and Kurnool, Prakasam, Guntur, Krishna, West Godavari, and East Godavari in Andhra Pradesh as control districts. Figure 2 provides a visual illustration of the districts included in the analysis.

We measure how much land has been converted from open or agricultural use to buildings, roads, and other constructed surfaces using satellite data from the Global Human Settlement Layer, which tracks built-up area every decade from 1990 to 2020.<sup>42</sup> We calculate “built-up share” as the percentage of total district land covered by such construction. If a district has 1,000 square kilometers of land and 5 square kilometers of built structures, its built-up share is 0.5 percent. An increase in built-up share means agricultural or vacant land is

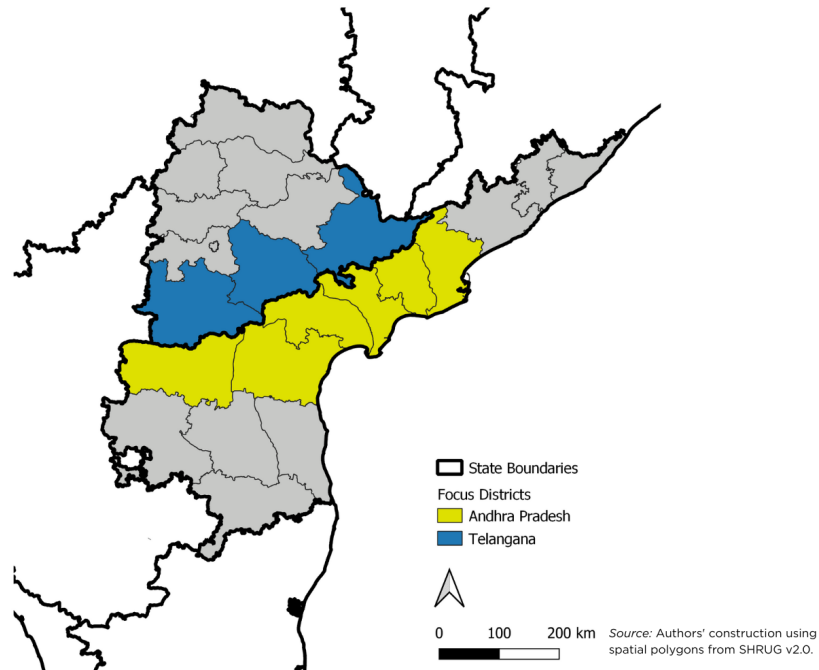
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40. The Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (Telangana Adaptation Order) 2016, G.O.Ms. No. 4, Revenue (Land Matters) Department, Government of Telangana, January 5, 2016, [https://tg-bn-website-assets.flowwllabs.tech/GOs-and-ACTs/O\\_4\\_05012016REV\\_MS4.pdf](https://tg-bn-website-assets.flowwllabs.tech/GOs-and-ACTs/O_4_05012016REV_MS4.pdf).

41. The Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) (Amendment) Act, 2017.

42. The analysis excludes statutory towns as defined by the 2011 Census classification and is restricted to peri-urban and village areas to avoid confounding effects from large metropolitan centers.

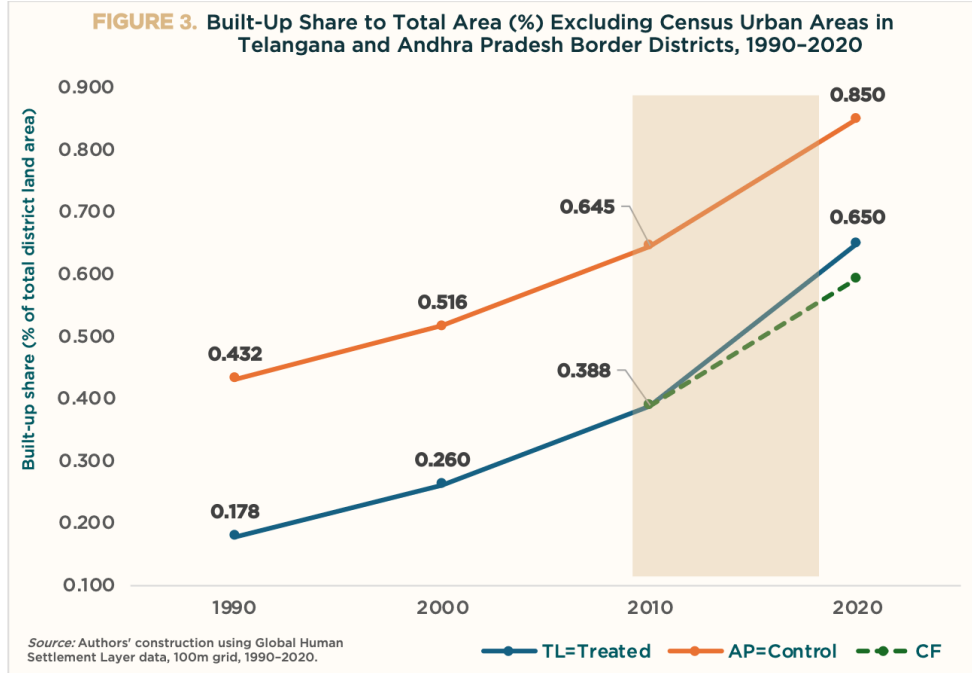
**FIGURE 2. Treated and Control Districts along the Telangana–Andhra Pradesh Border**



being converted to nonagricultural uses, like factories, warehouses, housing, or commercial development.

Figure 3 shows how built-up shares evolved in the border districts from 1990 to 2020. In 1990, Andhra Pradesh districts were already more developed: on average, 0.43 percent of their land was covered by buildings and infrastructure, compared with just 0.18 percent in Telangana districts. To put this in perspective, consider a typical border district with about 10,000 square kilometers of land. In 1990, such a district in Andhra Pradesh would have roughly 43 square kilometers of built-up area, while a comparable Telangana district would have only about 18 square kilometers. This gap of roughly 25 square kilometers reflects Andhra Pradesh's historical head start in industrialization.

Before the policy reforms took effect, both sides of the border developed at nearly the same pace. Between 1990 and 2010, built-up shares increased by about 0.01 percentage points per year in both Telangana and Andhra Pradesh districts (Table 1). In concrete terms, each side was converting roughly the same amount of land to nonagricultural use each decade i.e., adding around 1 square kilometer of new construction per 10,000 square kilometers of district area every year. This parallel growth is critical for our analysis, because it means that before the reforms, there was no inherent difference in the rate at which land was being



developed on either side of the border. Any divergence after 2010 can therefore be attributed to policy differences rather than preexisting trends.

We treat 2010–20 as the reform period, marked by the 2009 ceiling surplus land policy,<sup>43</sup> subsequent fee reductions in 2012 and 2016, and, following state bifurcation, institutional streamlining culminating in the introduction of the TG-iPASS in 2015. These reforms were directionally consistent and aimed at easing industrial land access, reducing approval delays, and lowering transaction costs for land-use change.

After 2010, the two sides began to diverge. Andhra Pradesh's built-up share rose from 0.65 percent to 0.85 percent over the decade. This is an increase of 0.20 percentage points, or about 0.02 percentage points per year. This was already faster than the 0.01 percentage-point annual pace of the previous two decades (1990–2010), likely reflecting the ease in building after the 2009 and 2012 reforms that both states inherited. But Telangana moved faster still. Its built-up share rose from 0.39 percent to 0.65 percent i.e., an increase of 0.26 percentage points, or 0.026 percentage points per year. In other words, Telangana was converting land to nonagricultural use at roughly 1.3 times the rate of Andhra Pradesh districts.

43. We expect the effects of the 2009 policy changes to manifest during the 2010–2020 period due to lagged responses in land use change and investment decisions.

Returning to our hypothetical 10,000 square kilometer district: by 2020, the Andhra Pradesh district would have gained about 20 square kilometers of new built-up area since 2010, while the Telangana district would have gained about 26 square kilometers. Telangana added roughly 6 additional square kilometers of development per district that Andhra Pradesh did not.

This pattern is consistent with the interpretation that while the 2009 and 2012 policy changes affected both states uniformly, the introduction of TG-iPASS in 2015 in Telangana generated an additional push by further streamlining the conversion of land for nonagricultural use.

The difference-in-differences estimate, which estimates the gap between how much Telangana accelerated relative to Andhra Pradesh, beyond what would have been expected from pre-existing trends, is about 0.06 percentage points. This may sound small, but consider what it means. The baseline gap in 1990 was about 0.25 percentage points (Andhra Pradesh's 0.43 percent minus Telangana's 0.18 percent). Telangana's reform-induced acceleration closed roughly one-quarter of that historical gap in a single decade. Across all three Telangana border districts combined, this translates to approximately 26 square kilometers of additional built-up land—construction that likely would not have occurred absent the reforms. 26 square kilometers seems small, but it is non-trivial when it comes to development and structural transformation. 26 square kilometers is seven times the size of GIFT City that was recently developed in Gujarat, and roughly half the size of Lutyens Delhi. And this is just across three border districts in Telangana.

Based on the surface built-up measure, this estimate is conservative. Satellite data captures horizontal expansion i.e., new buildings spreading across previously open land, but it does not capture vertical growth. If a developer builds a four-story warehouse instead of a single-story shed on the same footprint, the satellite sees identical built-up area, but the economic activity accommodated has multiplied. Similarly, if existing industrial plots are subdivided or used more intensively, the built-up share stays flat while actual land-use conversion accelerates. The 26 square kilometers therefore understates the true economic transformation. The reforms likely enabled substantially more industrial and commercial development than what appears in the built-up statistics alone.

Telangana's development has not gone unnoticed in Andhra Pradesh. By 2025, the Government of Andhra Pradesh concluded that the conversion framework had become redundant, and passed the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) (Repeal) Act, 2025. The Statement of Objects and Reasons accompanying the repeal bill provides unusually can-

**TABLE 1: Trends in Built-Up Share (1990-2020)**

Year	TL=Treated	AP=Control	Difference	TL Slope	AP Slope	Relative Slope
1990	0.178	0.432	0.254	--	--	--
2000	0.260	0.516	0.255	0.008	0.008	1.0
2010	0.388	0.645	0.257	0.013	0.013	1.0
2020	0.650	0.850	0.200	0.026	0.020	1.3

Source: Authors' calculations using Global Human Settlement Layer data, 100m grid, 1990-2020.

did insight into the state’s thinking.<sup>44</sup> The document acknowledges that “with the passage of time and in light of the present circumstances,” the regulatory framework for land development, including agricultural land, is “substantially addressed by various local authorities and urban development authorities under their respective statutes, such as the Andhra Pradesh Metropolitan Region and Urban Development Authorities Act, 2016.” These authorities, the statement notes, “are already empowered to regulate land use and levy development charges, leading to a redundancy in the simultaneous regulation of agricultural land conversion.”

The government’s diagnosis goes beyond mere duplication. The statement explicitly frames the conversion process as an impediment to its broader economic agenda: “In line with the Government’s policy to promote ‘Speed of Doing Business’, the process of seeking conversion under the said Act, 2006 has been perceived as cumbersome and involving unnecessary procedural complexities.” The document calls for “a more citizen-centric approach” that “necessitate[s] the simplification of regulatory mechanisms.”

The repeal’s transitional provisions reveal the extent of noncompliance under the existing regime. Section 3(2)(ii) validates all “unauthorized layouts” that proceeded without conversion permission, provided owners pay the conversion tax within one year based on historical land values, without penalties

44. The Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) (Repeal) Act, 2025.

or interest. This amnesty provision suggests either widespread evasion or fundamental misalignment between regulatory requirements and development practices.

The Statement of Objects and Reasons states with striking finality that “the continuation of the Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 is no longer relevant or necessary and that its repeal is a crucial step towards promoting good governance.” The government framed this repeal not as a retreat from regulation but as eliminating “duplication of regulatory functions” to “facilitate a more efficient and simplified process for land development within the framework of other existing laws.”

The Municipal Administration and Urban Development Department notified new rules on October 8, 2025.<sup>45</sup> Under the current system, applicants pay External Development Charges online via the Andhra Pradesh Development Permission Management System and receive development permissions without a separate conversion-permission step. Those developing agricultural land for nonagricultural purposes pay a 4 percent charge on market value.

The divergent paths of the bifurcated states illuminate different approaches to the same problem. Telangana preserved the law while creating workarounds for priority sectors through single-window clearance. Andhra Pradesh concluded that the entire framework was redundant and repealed it outright. Whether Andhra Pradesh’s 2025 repeal genuinely reduces barriers or simply repackages the cost of conversion while preserving gatekeeping through development permissions remains to be seen. The experience demonstrates that conversion regimes often begin as fiscal instruments to capture revenue from land already in nonagricultural use, evolve into permission systems that gate all conversions regardless of externalities, and may eventually be recognized as redundant layers atop existing development controls.

### Policy Recommendation

This paper recommends a complete repeal of agricultural land conversion provisions across Indian states. These laws provide no economic benefit while imposing massive costs on the landowner and thereby stalling structural transformation.

The evidence presented in this paper suggests that genuine reform requires more than tinkering with fees, timelines, or digital interfaces. It requires

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45. The Andhra Pradesh (Levy and Collection of External Development Charges) Rules, 2025, Municipal Administration & Urban Development Department, Government of Andhra Pradesh, October 8, 2025, <https://www.teamleaseregtech.com/updates/article/48160/andhra-pradesh-levy-and-collection-of-external-development-charges-rul/>.

removing the unnecessary layer of agricultural-to-nonagricultural permissions entirely.

Regulations are typically justified by pointing to market failures. The textbook case involves externalities or coordination problems that markets cannot solve on their own. A factory moving next to a residential neighborhood imposes noise and pollution costs on residents. Zoning separates such incompatible uses and prevents conflicts before they occur. But this rationale does not apply to agricultural land conversion. A farmer converting land to a warehouse or solar farm in a rural area imposes no meaningful spillover on neighbors. No noise disturbs adjacent properties, no pollution affects surrounding fields, and no traffic congestion emerges where roads are empty.

Whatever externalities might arise from the final use are regulated through other means. Building and environmental codes already regulate externalities; urban development authorities already regulate land use; and taxation systems already capture value from nonagricultural use. The conversion requirement, as currently designed, duplicates these systems while imposing substantial uncertainty, administrative burden, and opportunities for rent extraction.

The costs, by contrast, are substantial. Across the 20 states covered in this paper, conversion forces landowners through a stacked sequence of potential veto points: clearing title and site plans; filing prescribed applications; passing pre-scrutiny for tenure and ceiling compliance; securing town-planning verification; enduring on-site inspections; collecting no-objection certificates from irrigation, panchayat, environment, and other authorities; waiting out statutory timelines; paying premiums that can reach 50 to 75 percent of market value; and putting the land to the new use within fixed time limits or losing the permission entirely. The process rests on more than 50 primary statutes and state rules, hundreds of government orders and notifications, and over 70 different offices and committees. For marginal farmers, the binding constraint may be sorting out a mutation pending since their father's time. For developers assembling land for a logistics park, it may be the size of the fee or the risk that an interdepartmental committee holds up the project indefinitely. Either way, land remains trapped in low-productivity agriculture while cities struggle to grow and firms struggle to scale.

When a regulation imposes high costs and provides no offsetting benefits, the policy recommendation is not reform but repeal. Andhra Pradesh has demonstrated this path. In 2025, the Government of Andhra Pradesh concluded that its conversion framework was costly and redundant. The Statement of Objects and Reasons accompanying the repeal bill acknowledged that urban development authorities already regulate land use and levy development charges under

their respective statutes, making simultaneous regulation of agricultural land conversion unnecessary. The government described the conversion process as cumbersome and involving unnecessary procedural complexities. The repeal validated all unauthorized layouts that had proceeded without conversion permission, suggesting either widespread evasion or fundamental misalignment between regulatory requirements and development practices. Andhra Pradesh learned from its own experience, starting with the 2009 policy change that allowed the state to allot ceiling-surplus land already vested in it for infrastructure and industrial projects, without requiring project-level land-use conversion. It also learned from observing Telangana, which, after implementing its single-window system in 2015, saw built-up area in border districts grow roughly 1.3 times faster than in adjoining Andhra Pradesh districts that retained fragmented procedures. Andhra Pradesh recognized that its land conversion regulation was impoverishing farmers by preventing exit from unproductive agriculture and creating roadblocks to industrialization.

The path forward is, therefore, clear. States should follow the example of Andhra Pradesh and eliminate the conversion permission requirement outside areas already governed by master plans, integrating development charges into existing planning mechanisms. This would allow land to respond to market signals, enable farmers and landowners to exit unproductive uses, reduce corruption opportunities, and allow cities and firms to assemble land more efficiently. Reforming India's land market is not merely a matter of administrative convenience—it is central to unlocking economic mobility, correcting spatial misallocation, and enabling the country's next stage of growth.

Removing the conversion regime would allow land to finally flow to its highest-valued use. Without such reform, India's structural transformation will remain constrained not by a scarcity of land, but by a scarcity of permission.

## Addendum

As of May 10, 2026

On December 31, 2025, Maharashtra notified the Maharashtra Land Revenue Code (Second Amendment) Act, 2025. Before the amendment, landowners were required to follow two overlapping processes to secure permission: one from the Collector for converting agricultural land to nonagricultural use under the state's land revenue code, and from land development and planning authorities to develop/build on the land under the town planning and development law. The 2025 amendment removed this separate conversion procedure under the land revenue code. Instead, where the proposed non-agricultural use is already permitted under applicable development plans and approvals, the landowner does not require separate permission from the Collector. The amendment also replaced the high conversion premiums (50-75% of market value of land) and annual nonagricultural assessment under the old regime with a one-time premium ranging from 0.1 percent to 0.5 percent of the current market value of land, depending on plot size.

Uttar Pradesh made a similar but limited change. In April 2026, the state issued an ordinance removing the duplicate conversion process under the state's land revenue code in cases where building permission, development permission, or layout-plan approval has already been granted. In such notified areas, these approvals will now serve as permission for change of land use, and the revenue record must be updated within fifteen days after the prescribed inquiry. No separate fee is charged at that stage. However, unlike Maharashtra and Andhra Pradesh, Uttar Pradesh has not repealed the conversion process wholesale. Outside these notified areas, the ordinary permission process under the Revenue Code continues.

## APPENDIX I

### BIHAR

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
1. Bihar Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2010 (Act 11 of 2010) <sup>1</sup> 2. Bihar Agricultural Land (Conversion) Rules, 2010 <sup>2</sup> 3. Amendment Act, 2012 4. Amendment Act, 2020 5. Amendment Act, 2025 <sup>3</sup>	1. Application: Landholder/occupier applies to the subdivisional officer with prescribed form & enclosures (ownership, jamabandi, map, affidavit) and pays conversion fee per Section 4. 2. Field inspection: conducted by circle officer; report confirms physical use and classification. <sup>4</sup> 3. Scrutiny & deficit fee: Competent authority has 30 days to verify if fee paid is less than prescribed amount and issue notice of deficit; applicant gets 30 + 15 days to pay the balance, failing which application may be rejected. 4. Decision & timeline: The subdivisional officer must grant or refuse conversion (with reasons) within 90 days of receiving the application or deficit amount. 5. Deemed permission: If no order is passed within 90 days, the applicant may send a registered letter pointing this out; the competent authority must then issue permission within 15 days, otherwise permission is deemed granted by statute. 6. Mutation & rent: After permission, records are updated to nonagricultural category. 7. Online portal: Since 2021–22, applications run on the Land Conversion Portal (landconversion.bihar.gov.in).  Exemption: No permission required for government land; community-use local authority land; noncommercial religious/social/charitable land; household micro-industries (traditional occupation) up to 1 acre; small shops up to 500 sq. feet; solar energy; land use specified in Section 23(2) of the Bihar Tenancy Act, 1885.	1. Subdivisional officer (SDO): primary authority to approve or refuse conversion under Section 3 2. Circle officer: Conducts site verification and submits factual report to the SDO. 3. District collector: Hears appeals under Section 7 and supervises SDOs' compliance. 4. Revenue & Land Reforms Department (state): policy control; maintains online portal and circular updates.	1. Conversion fee (Section 4): 10% of the market value of the land until August 2025. After amendment: Conversion fee will be determined by the government from time to time. 2. Portal processing charge: nominal online service fee on Bihar Bhumi portal 3. Revised rent/cess: For converted land, rent/cess is 10 times the previous agricultural rent/cess for that portion.	1. Unauthorized nonagricultural use (Section 6): Collector may impose fine up to 50% of market value and order stoppage or demolition. 2. Recovery: Unpaid conversion fee and penalty are recoverable as public demand under the Bihar and Orissa Public Demands Recovery Act, 1914. 3. Refusal & reversion: Conversion permission may be refused; land misused in breach of an order can be directed back to agricultural use, with costs recoverable as arrears of land revenue.

1. Sections 3–8 regulate permission, fees, deemed approval, and exemptions.

2. Procedural forms and fee calculation (Revenue and Land Reforms Department).

3. Revised appellate structure and clarified timelines.

4. Land Conversion Portal, Biharbhumi, Revenue and Land Reforms Department, Government of Bihar, <https://landconversion.bihar.gov.in/>

## CHHATTISGARH

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
1. Chhattisgarh Land Revenue Code, 1959 (Section 172)	1. Application: File Form A with SDO (physically or via Bhuyan/RCMS portal). Must attach site plan, contour map, etc.	1. Subdivisional officer (revenue) (SDO)	1. Diversion Premium: - Residential: -5% of guideline market value - Commercial/industrial: Higher rates (per sq. m.) based on location (roadside vs. interior). - Exemption: 100% exemption for private industrial areas/parks; and 50% exemption for certain industries/thrust sector enterprises for a maximum of 50 acres.	1. Diversion without the consent of the bhumiswami (land owner/holder): - Fine: Penalty up to INR 10,000 <sup>8</sup>
2. Chhattisgarh Land Revenue (Diversion) Rules, 1962	2. Scrutiny: Tehsildar checks for violation of Section 165, 1959 Code (tribal-land alienation) and ceiling law compliance.	2. Tehsildar		2. Contravention of any order given/conditions laid down: <sup>9</sup> - Fine: Penalty up to INR 2,000 + 1,000 for each day of contravention - Eviction: Collector may order demolition and restoration to original state.
3. Chhattisgarh PESA Rules, 2022 (Specific to Scheduled Areas)	3. Field inquiry: Revenue inspector conducts site inspection. Mandatory requirement: Geotagged photographs must be attached to the panchnama to prove land status (vacant vs. built-up).	3. Revenue inspector		
4. Chhattisgarh Industrial Policy 2024-30 (Fiscal Incentives) <sup>5</sup>	4. Mandatory consultations/no-objection certificates: - T&CP: For all urban/planning areas - Gram Sabha (PESA): Prior informed consent required in Scheduled Areas for diversion of any community land. <sup>6</sup> - Forest department if close to forest boundary	4. Gram Sabha	2. Nonagricultural assessment (ground rent): annual tax payable after diversion.	3. Not putting the land to new use post conversion order - Micro, small and medium industries: must commence within 3 years - Major industries: must commence within 5 years); otherwise the conversion order is voided. <sup>10</sup>
	5. Proclamation published to invite public objections (15-21 days).	5. Town and Country Planning (T&CP)	3. Panchayat/municipal tax: separate local body tax applicable after change of use	4. PESA Violation: Diversion of community land without Gram Sabha consent is subject to cancellation.
	6. Adjudication: SDO hears objections and issues diversion order under Section 172(2). <sup>7</sup>	6. Chhattisgarh State Industrial Development Corporation / Industries Department		
	7. Record correction: Tehsildar updates land records (mutation) to "nonagricultural" and issues new record of rights.	7. Forest Department		

5. Industrial Development Policy 2024-30, Department of Commerce and Industries, Government of Chhattisgarh, <https://investcg.in/assets/pdf/Industrial%20Policy%202024-30.pdf>.

6. The Chhattisgarh Panchayat (Extension to Scheduled Areas) Rules, 2022, rule 35(4).

7. If the SDO does not take a call on the application within 3 months, the applicant may bring it to the authority's attention. If the application is still neglected for another month, then the permission is deemed to be granted.

8. The Chhattisgarh Land Revenue Code, 1959, section 172(4) read with the Chhattisgarh Land Revenue Code (Amendment) Act, 2022, section 60.

9. The Chhattisgarh Land Revenue Code, 1959, section 172(5).

10. Third proviso to Section 172(1), read with Chhattisgarh Land Revenue (Amendment) Act, 2015.

GOA

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>1. Goa, Daman and Diu Land Revenue Code, 1968<sup>11</sup></p> <p>2. Goa Land Revenue (Conversion of Use of Land and Non-agricultural Assessment) Rules, 1969</p> <p>3. Goa Town and Country Planning Act, 1974</p>	<p>Application via Revenue portal</p> <p>1. Applicant files a conversion-sanad application (Schedule-I) online via GoaOnline/e-Revenue, addressed to the deputy collector or collector depending on area (below/above 500 sq. m.) with title documents, survey plan, Forms I and XIV, etc.</p> <p>2. Site report: the Mamlatdar/Talathi conducts a field verification on current land status and any occupation.</p> <p>3. Inquiries: Collector/deputy collector calls for reports from Town and Country Planning (plan-related compliance if any), Mamlatdar (field status and occupancy), and Forest Department (where relevant)</p> <p>4. Where only part of a survey is to be converted, file goes to the Survey Dept./ISLR for a detailed survey report.</p> <p>5. Premium calculation: On receiving all reports, the collector/deputy collector decides the application within 60 days and, if it is approved, calculates conversion fee and notifies the applicant to pay.</p> <p>6. Mutation: After fee payment, a conversion sanad is issued in the prescribed form and revenue records are updated.</p> <p>Application via Goa-Investment Promotion and Facilitation Board (Goa-IPB) for single-window clearance (where lands falls in area notified as Investment Promotion Area)</p> <p>Exemption: Setting up eco-tourism activities<sup>12</sup> Self-certification: for an area not exceeding 500 sq. metres (self-certification)<sup>13</sup></p>	<p>1. District Collector (North/South Goa)</p> <p>2. Town and Country Planning Department / Chief Town Planner</p> <p>3. Mamlatdar/Talathi</p> <p>4. Forest Department</p>	<p>1. Conversion (sanad) fee: Depending on purpose (personal housing to commercial use) rates vary from INR 60–520 per sq. metre for plots up to 500 sq. metres; 2× these rates for plots exceeding 500 sq. metres (rates vary by conversion purpose, e.g., residential to commercial).</p> <p>Exemption: - for the purpose of churches, temples, mosques, gurudwaras, sports, hospitals or educational, charitable, cultural or religious institutions</p> <p>2. Application fees under the 2010 Regulations and TCP rules for development permission/technical clearance</p> <p>3. Postconversion nonagricultural assessment (annual land revenue on converted land) under the Land Revenue Code</p>	<p>Unauthorized use:<sup>14</sup></p> <p>1. nonagricultural assessment at the altered-use rate</p> <p>2. a fine up to the market value of the land; and</p> <p>3. Collector may serve notice to restore the original use / remove works, with additional continuing penalties if disobeyed</p> <p>4. If no steps are taken despite the notice, fine up to INR 300 + 30 for each additional day of such violation</p> <p>5. If the altered-use has not been commenced within 5 years of the permission, then: - cancellation of permission, or - extension upon payment of penalty up to 40 times of nonagricultural assessment.<sup>15</sup></p> <p>Not informing Mamlatdar about grant of sanad: fine up to INR 500</p>

11. Sections 30–38 govern “change of use of land” and empower the collector to issue a conversion sanad (formal conversion order), <https://www.goaipb.goa.gov.in/wp-content/uploads/2025/01/96-Change-in-Land-Use.pdf>.

12. The Goa, Daman and Diu Town and Country Planning Act, 1974, section 42A (inserted by Amendment Act 6 of 2016).

13. The Goa Land Revenue (Conversion of Use of Land and Non-agricultural Assessment) Rules, 1969, rule 4 I(A).

14. The Goa, Daman and Diu Land Revenue Code, 1968, section 33 read with the Goa Land Revenue (Conversion of Use of Land and Non-agricultural Assessment) Rules, 1969, rule 8.

15. Goa Land Revenue (Conversion of Use of Land and Non-agricultural Assessment) (Amendment) Rules, 2025, <https://www.teamleaseregtech.com/updates/article/42393/goa-daman-and-diu-land-revenue-conversion-of-use-of-land-and-non-agric/>.

## GUJARAT

Legal Framework	Process & Procedures	Authorities Involved <sup>16</sup>	Cost of Conversion	Penalties
<p>1. Gujarat Land Revenue Code, 1879</p> <p>2. Gujarat Tenancy and Agricultural Lands Act, 1948</p> <p>3. Gujarat Land Revenue Rules, 1972</p>	<p>1. Application filing Occupant must file application via iORA portal along with record of rights, title deed, site plan, clearances, etc. (if land is under nagarpalika [municipality], then only self-declaration by the applicant).</p> <p>2. Pre-scrutiny Prant officer (assistant collector) verifies and checks tenure status (old/new),<sup>17</sup> ceiling, etc.</p> <p>3. Town-planning check Zoning compatibility, plot clearance, development-plan verification</p> <p>4. Site inspection, ground use and encroachment check</p> <p>5. Interdepartmental clearances/reports: Irrigation department District panchayat Environment department</p> <p>6. Review/decision: The revenue code says the decision must be given within 3 months. As part of simplifying the procedure, the government has prescribed the decision must be given:<sup>18</sup> - Within 35 days for residential use - Within 45 days for other uses</p> <p>7. Appeal against decision and then final order and update of records: Land classification change</p> <p>8. Compliance: must commence use within one year, otherwise permission lapses</p> <p>Exemption from procedure: - Bona fide industrial purpose (even though there is need to notify the collector of the change of use within 30 days)<sup>19</sup> - Starting a gasoline/diesel pump is also included under this self-declaration approval process; however, permission is required from the Petroleum and Explosives Safety Organization.<sup>20</sup></p>	<p>1. District collector: Approval of land use change</p> <p>2. Deputy collector/prant officer pre-scrutiny</p> <p>3. Mamlatdar Taluka level processing Documentation verification Tenure status check</p> <p>Technical authorities:</p> <p>4. Town planning officer Talati-cum-Mantri</p> <p>5. Circle officer</p> <p>6. Petroleum and Explosives Safety Organization (if applicable)</p> <p>Clearances/reports:</p> <p>7. District panchayat: Rural area NOC</p> <p>8. Irrigation Department</p>	<p>1. Conversion premium 40% of jantri value<sup>21</sup> (Jantri value: government-assessed value of land)</p> <p>2. Nonagricultural assessment: annual rate of jantri value.</p> <p>3. Conversion tax as prescribed under Section 67A of the Gujarat Land Revenue Code, 1879 (based on nature of use and population size): INR 2 to 40 per sq. metre.</p>	<p>Unauthorized use<sup>22</sup></p> <p>1. Summary eviction</p> <p>2. Fine up to 40 times the nonagricultural assessment<sup>23</sup></p> <p>3. Fine up to 80 times nonagricultural assessment, when soil is unauthorizedly used for brick making, tiles, pottery, etc.<sup>24</sup></p> <p>4. Failure to notify change to bona fide industrial purpose:<sup>25</sup></p> <p>5. Fine up to INR 10,000</p> <p>If the occupant starts industrial use before fulfilling conditions or after refusal:</p> <p>6. Ordered to restore land to its original use.</p> <p>7. Failure to comply leads to fine up to INR 5,000, plus daily fine up to INR 100 per hectare until restoration.</p> <p>8. Collector may recover restoration cost as arrears of land revenue.</p>

16. Collector Manual, Revenue Department, Government of Gujarat, 2012, [https://revenuedepartment.gujarat.gov.in/downloads/collector\\_manual\\_final.pdf](https://revenuedepartment.gujarat.gov.in/downloads/collector_manual_final.pdf).

17. "New tenure" are nontransferable and non-partible lands and require collector's permission, Gujarat Tenancy and Agricultural Lands Act, 1948.

18. Collector Manual, Revenue Department, Government of Gujarat, 2012, p. 142, [https://revenuedepartment.gujarat.gov.in/downloads/collector\\_manual\\_final.pdf](https://revenuedepartment.gujarat.gov.in/downloads/collector_manual_final.pdf).

19. The Gujarat Land Revenue Code, 1879, section 65B (inserted by Gujarat Act No. 6 of 1997).

20. Resolution No.: Bakhap/102016/1626/6 Secretariat, Gandhinagar, February 10, 2017, <https://revenuedepartment.gujarat.gov.in/downloads/gr-10022017-k.pdf>.

21. Reportedly reduced to 30% and thereafter to 10%, "Gujarat announces concessions in new jantri rates," Times of India, April 14, 2023, <https://timesofindia.indiatimes.com/city/ahmedabad/gujarat-announces-concessions-in-new-jantri-rates/articleshow/99478812.cms>; "Gujarat eases non-agricultural land permit rules: Premium on jantri cut from 30% to 10%,"

Gujarat Samachar, November 19, 2024, <https://english.gujaratsamachar.com/news/gujarat/gujarat-eases-non-agricultural-land-permit-rules-premium-on-jantri-cut-from-30-to-10>.

22. The Gujarat Land Revenue Code, 1879, sections 65, 65A and 66; The Gujarat Land Revenue Rules, 1972, rule 100.

23. Collector Manual, Revenue Department, Government of Gujarat, 2012, p. 142, [https://revenuedepartment.gujarat.gov.in/downloads/collector\\_manual\\_final.pdf](https://revenuedepartment.gujarat.gov.in/downloads/collector_manual_final.pdf).

24. The Gujarat Land Revenue Rules, 1972, rule 101.

25. The Gujarat Land Revenue Code, 1879, sections 65B and the Gujarat Land Revenue Rules, 1972, rule 103.

## HARYANA

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>1. Haryana Scheduled Roads and Controlled Areas (Restriction of Unregulated Development) Act, 1963<sup>26</sup></p> <p>2. Haryana Development and Regulation of Urban Areas Act, 1975<sup>27</sup></p> <p>3. Haryana Right to Service Act, 2014<sup>28</sup></p> <p>4. Haryana Enterprises Promotion Act, 2016, Enterprises Promotion Policy, 2015, and Enterprises and Employment Policy, 2020</p>	<p>1. Application: Filed online through the change-of-land-use Haryana portal with ownership documents, site plan, jamabandi, proposed land-use, etc.</p> <p>2. Scrutiny: District town planner checks completeness and location within the notified controlled area; noncontrolled cases are handled under other municipal laws.</p> <p>3. Site verification: District town planner/field staff conduct physical inspection and prepare reports (land use, access, flood level, services).</p> <p>4. Interdepartmental: No-objection certificates sought from departments like irrigation, forest, fire, pollution control board, and public health engineering, depending on project type.</p> <p>5. Committees: Industrial/large projects are routed either to the district-level committee or to the state-level empowered executive committee (with provisions for automatic permissions, some exemption blocks, etc.).<sup>29</sup></p> <p>6. Decision/sanction: Director of TCP (controlled areas) or government (non-plan areas) issues change of land use permission with conditions (zoning conformity, fee payment, etc.).</p> <p>7. Post-approval compliance: Change-of-land-use order uploaded to the portal; applicant pays remaining charges; registry and bank loan eligibility linked to change of land use status.</p>	<p>1. Director, Town and Country Planning Department (TCP)</p> <p>2. District Town Planner</p> <p>3. Empowered Executive Committee</p> <p>4. District-Level Committee</p> <p>5. Town and Country Planning Department</p> <p>6. Urban local bodies (municipalities/corporations)</p> <p>7. Other departments: irrigation, forest, fire, pollution control board, public health engineering, etc.</p>	<p>1. Scrutiny fee: INR 10 per sq. metre<sup>30</sup></p> <p>2. Conversion fee: TCP levies charges according to use (residential, commercial, industrial, institutional, etc.) and development-plan area via periodically updated schedules (INR per acre / per sq. metre)</p> <p>3. External development charges: payable to TCP for external infrastructure;</p> <p>4. Infrastructure development charges: levied for internal infrastructure in licensed colonies; rates differ by development-plan area</p> <p>Online calculation: automatic via change-of-land-use portal; digital challan generation linked to permission workflow.</p>	<p>Unauthorized land use / construction in controlled area:<sup>31</sup></p> <p>1. Imprisonment up to 3 years, and</p> <p>2. Fine: INR 10,000 to INR 50,000 + INR 1,000 for each day of continuing contravention.</p> <p>3. Demolition of unauthorized construction</p> <p>4. Recovery of fees/dues with interest as arrears of land revenue<sup>32</sup></p> <p>(Delayed disposal: under Right to Service Act, 2014, if time limit is breached: departmental penalties apply to delinquent officers.)</p>

26. Section 7: No land use or construction in a "controlled area" without change of land use permission from the director, Town and Country Planning (TCP), <https://tcparyana.gov.in/ACTandRULES/PSR%20Act%20and%20Rule.pdf>.

27. Governs licensing and development of colonies in designated urban areas; change of land use often precedes license grant.

28. Notifies change-of-land-use permission as a time-bound public service (60 days); deemed clearance on delay.

29. Haryana Enterprises Promotion Act, 2016, Haryana Enterprises Promotion Policy, 2015, and Haryana Enterprises and Employment Policy, 2020.

30. The Haryana Scheduled Roads and Controlled Areas (Restriction of Unregulated Development Rules), 1963, section 26A.

31. The Haryana Scheduled Roads and Controlled Areas (Restriction of Unregulated Development) Act, 1963, section 12.

32. The Haryana Scheduled Roads and Controlled Areas (Restriction of Unregulated Development) Act, 1963, proviso to section 7(1).

## HIMACHAL PRADESH

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<ol style="list-style-type: none"> <li>1. Himachal Pradesh Town and Country Planning Act, 1977<sup>33</sup></li> <li>2. Himachal Pradesh Tenancy and Land Reforms Act, 1972<sup>34</sup></li> <li>3. Himachal Pradesh Town and Country Planning Rules, 2014<sup>35</sup></li> </ol>	<ol style="list-style-type: none"> <li>1. Application filing: Applicant submits Form-11 under Rule 16 to the Town and Country Planning Department, enclosing ownership proof, khasra plan, location sketch, and proposed use.</li> <li>2. Site verification: District town and country planning office conducts inspection for topography, access, slope stability, and conformity with plan/zoning.</li> <li>3. Technical scrutiny: Town and country planning officer / assistant town and country planning officer prepares a report on alignment with the existing land-use map, building restrictions, and ecological sensitivity (especially if within the planning area).</li> <li>4. Consultation with other departments: Forestry, horticulture, and local panchayat / municipality opinions are sought, where relevant (especially for forest-adjacent or eco-sensitive zones).</li> <li>5. Director's decision (or delegated officer): Applicant pays permission/fee per Rule 16(2) before the permission letter issues; deemed permission can also arise if the department delays approval beyond the statutory time, but still subject to conformity with plan/regulations.</li> <li>6. Payment of applicable fees: per the 2014 rules and subsequent fee notifications; challan payment required before permission issuance.</li> <li>7. Post-permission compliance: commencement of development within stipulated period; local body / town and country planning office monitors adherence to approved use.</li> </ol>	<ol style="list-style-type: none"> <li>1. Director, Town and Country Planning</li> <li>2. District town and country planning officer</li> <li>3. Assistant town and country planning / technical officer</li> <li>4. Deputy commissioner</li> <li>5. Local body (municipality/ panchayat)</li> </ol>	<p>Conversion fee per sq. metre:</p> <p>Within municipal limits: Residential use: INR 16 Other use: INR 20</p> <p>Outside municipal limits: Residential use: INR 10 Other use: INR 16</p>	<p>Unauthorized land use / construction: Demolition or discontinuance of development or sealing carried out without permission or contrary to approved plan.</p>

33. Section 16 prohibits change in land use or development contrary to the existing land-use map or development plan without written permission of the director, town and country planning.

34. Section 118 restricts transfer of land to nonagriculturists; prior state government permission is mandatory.

35. Prescribes the application process, documentation, and fee schedule for permission and regularization.

## JHARKHAND

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>A clear law for conversion across the state does not exist. (Sale of land is regulated but permitted for industrial purposes with government sanction.)</p> <p>However, some processes exist for change of land use in tribal lands covered under the Chota Nagpur Tenancy Act, 1908,<sup>36</sup> and the Santhal Parganas Tenancy (Supplementary Provisions) Act, 1949.<sup>37</sup></p>	<p>Under Chota Nagpur Tenancy Act (CNT Act):</p> <p>If raiyat wishes to change the use of land to korkar (land that is artificially levelled or embanked primarily for the cultivation of rice),<sup>38</sup> the raiyat can file an application to the deputy commissioner seeking permission for conversion.</p> <p>Under the Santhal Parganas Tenancy (Supplementary Provisions) Act, 1949:</p> <p>Raiyat is permitted to use land other than what custom dictates for cultivation as long as it does not materially impair the value of the land or render it unfit for the purpose of cultivation, which includes: manufacturing tiles and bricks or building structures for cultivation or domestic purposes, constructing bandhs/tanks/wells or planting/chopping trees.</p> <p>Transfer of land for industrial purposes is permitted under both laws, subject to government permission.</p>	Deputy commissioner (district)	<p>Under CNT Act conversion premium: No percentage “conversion fee” is stipulated in CNT or SPT.</p> <p>Rent assessment for korkar land (after a four-year rent holiday)</p>	<p>Under both laws:<sup>39</sup></p> <p>Any violation:</p> <ol style="list-style-type: none"> <li>1. Imprisonment up to 3 years</li> <li>Or</li> <li>Fine up to INR 1,000</li> <li>2. Continuing violation: up to INR 50 for each day during which the offence continues.</li> </ol>

36. Applies to North and South Chotanagpur and Palamu divisions.

37. Applies to Santal Parganas Division, comprising five subdivisions: Dumka, Sahibganj, Godda, Deoghar, and Pakur.

38. The Chota Nagpur Tenancy Act, 1908, section 64.

39. The Chota Nagpur Tenancy Act, 1908 and Section 67, The Santhal Parganas Tenancy (Supplementary Provisions) Act, 1949, section 71B.

## KARNATAKA

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
1. Karnataka Land Revenue Act, 1964 <sup>40</sup>	Process varies by location:	1. Deputy commissioner	1. Conversion premium (based on jurisdiction and use): <sup>44</sup>	1. Summary eviction: Under Section 96(1)
2. Karnataka Land Revenue Rules, 1966	A. Land within master plan area: No permission required <sup>41</sup>	- District-level authority	Bangalore Urban (Corporation limits and within 18 km radius)	2. Unauthorized use: <sup>45</sup> Fine up to INR 1 lakh (increased from INR 1,000)
3. Karnataka Town and Country Planning Act, 1961	1. Self-declaration - Submit to Town Planning Authority - With prescribed fee payment - No prior approval needed	- Reviewing applications outside master plan areas - Complex conversions	- To Residential: INR 13.45 per sq. metre - To Non-Residential: INR 43.04 per sq. metre	3. Continuing violation: INR 2,500 per day (increased from INR 25)
	2. Automatic conversion - Deemed converted upon payment - Certificate issued immediately	2. Town Planning and Developing Authority	Bangalore Rural	4. False declaration: INR 1 lakh penalty
	B. Outside master plan (Affidavit-based process)	- Reviewing applications within master plan areas - Self-declaration receipt	- To Residential: INR 10.76 per sq. metre - To Non-Residential: INR 32.28 per sq. metre	5. Structure removal: Forfeiture or demolition of unauthorized construction
	1. Application/affidavit - Submit to deputy commissioner - via Bhoomi portal online/off-line - Notarized affidavit required, record of rights, mutation extract, survey map, etc.	3. Assistant commissioner - Subdivision level - Delegated powers	Major Cities (Mysore, Mangalore, Belgaum, Gulbarga, etc.)	6. Regularization of unauthorized use with INR 1 lakh penalty
	2. Department opinion/reports - 15 days for departments - Deemed no objection if silent	4. Tehsildar - Taluk level - Initial verification - Notice recipient for grantees	- To Residential: INR 8.07 per sq. metre - To Non-Residential: INR 16.14 per sq. metre	
	3. Deputy commissioner review/approval <sup>42</sup> - Within 30 days of application - Deemed approval if no response	Other authorities:	Other District Headquarters (Tumkur, Kolar, Shimoga, etc.)	
	4. Fee payment: Online through Bhoomi portal	5. Revenue Department - State-level policy - Commissioner oversight	- To Residential: INR 5.38 per sq. metre - To Non-Residential: INR 10.76 per sq. metre	
	5. Certificate issuance - Digital certificate - Download from portal	6. Karnataka Revenue Appellate Tribunal - Appeals from deputy commissioner orders	Taluk Headquarters	
	6. Record change and revenue: Mutation/recording of change in land use		- To Residential: INR 5.38 per sq. metre - To Non-Residential: INR 8.07 per sq. metre	
	Exempt: Agricultural land up to 2 acres covered in master plan for industrial use <sup>43</sup>		Other Places	
			- To Residential: INR 2.18 per sq. metre - To Non-Residential: INR 5.38 per sq. metre	
			2. Nonagricultural assessment after conversion	
			3. Application fees	
		NOC authorities:		
		7. Urban Development Authority: Zoning certificate		
		8. Gram panchayat/ municipality		
		9. Highway authority		

40. Section 95 (use of agricultural land and procedure for diversion to other purpose), including deemed permission and payment of fine as prescribed; Section 96 (ancillary) read with The Karnataka Land Revenue (Second Amendment) Act, 2022, [https://dpal.karnataka.gov.in/storage/pdf-files/Acts%20&%20Ordinance/02%20of%202023%20\(E\)%20Land%20revenue.pdf](https://dpal.karnataka.gov.in/storage/pdf-files/Acts%20&%20Ordinance/02%20of%202023%20(E)%20Land%20revenue.pdf) and the Karnataka Land Revenue (Amendment) Act, 2023; [https://dpal.karnataka.gov.in/storage/pdf-files/Acts%20&%20Ordinance/25of2023\(E\)Landrevenue.pdf](https://dpal.karnataka.gov.in/storage/pdf-files/Acts%20&%20Ordinance/25of2023(E)Landrevenue.pdf).

41. The Karnataka Land Revenue (Amendment) Act, 2023.

42. The Karnataka Land Revenue (Amendment) Act, 2023.

43. The Karnataka Land Revenue (Third Amendment) Act, 2024, [https://dpal.karnataka.gov.in/storage/pdf-files/06of2025\(E\)LandRevenue.pdf](https://dpal.karnataka.gov.in/storage/pdf-files/06of2025(E)LandRevenue.pdf).

44. The Karnataka Land Revenue Rules, 1966, rule 107, <https://landconversion.karnataka.gov.in/rd/lc2.html#Feedetails-id>.

45. The Karnataka Land Revenue (Second Amendment) Act, 2022.

**KERALA**

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>1. Kerala Conservation of Paddy Land and Wetland Act, 2008 (Act 28 of 2008)<sup>46</sup></p> <p>2. Kerala Conservation of Paddy Land and Wetland Rules, 2008</p> <p>3. For unnotified land<sup>47</sup> conversions: Amendment Act 29 of 2018<sup>48</sup></p>	<p>Four separate streams:</p> <p>A. Paddy land (notified) for residential purposes:</p> <ol style="list-style-type: none"> <li>Application: Submit Form 1 to the Local Level Monitoring Committee (LLMC). <ul style="list-style-type: none"> <li>The applicant must prove they (or their family) have no other suitable land in the district.</li> <li>The construction is for their own residence.</li> <li>Size limit: maximum 4.04 ares (10 cents) in panchayats or 2.02 ares (5 cents) in municipality/corporation<sup>49</sup></li> </ul> </li> <li>Agricultural officer/village officer prepares a report regarding the site. To be submitted with the application.</li> <li>LLMC Scrutiny: LLMC must forward the application with its recommendation to the District-Level Authorized Committee (DLAC) within 60 days of receiving the application.</li> <li>The DLAC, chaired by the revenue divisional officer, must make a decision within 30 days of receiving the recommendation.</li> <li>Post-order monitoring by revenue authorities under Sections 18 and 19.</li> </ol> <p>No conversion fee is required for up to 4.04 ares for housing, ergo for this process. (Administrative fees will apply.)</p> <p>Absolute prohibition: Paddy land purchased after 2008 cannot be converted at all (Section 3 of 2008 act read with 2022 Kerala HC Full Bench ruling in <i>Sabeena EK v. District Collector</i>).</p> <p>B. Paddy land (notified) for public purposes<sup>50</sup></p> <ol style="list-style-type: none"> <li>Application under Form 2 of the 2008 Rules: Agency applies to LLMC.</li> <li>LLMC reviews the public need and availability of alternative land. It must send its recommendation to State Level Committee (SLC) within 60 days of receiving application.</li> <li>Scrutiny: The SLC (convened by the agricultural production commissioner) examines the proposal and ecological impact. It must submit a report to the government within 3 months.</li> <li>Final order: Government issues the exemption order based on SLC report, which allows the land to be put to a use different from paddy cultivation.</li> </ol>	<ol style="list-style-type: none"> <li>Local Level Monitoring Committees in every panchayat/ municipality</li> <li>District-Level Authorized Committee</li> <li>State Level Committee</li> <li>Revenue divisional officer</li> <li>Village officer / agricultural officer</li> <li>District collector</li> <li>State government (revenue dept.)</li> <li>Gram panchayat</li> </ol>	<ol style="list-style-type: none"> <li>Conversion fee for unnotified lands depending on size and jurisdiction: <ul style="list-style-type: none"> <li>Up to 20.23 ares (approx. 50 cents) <ul style="list-style-type: none"> <li>Panchayat jurisdiction: 10% of fair value</li> <li>Municipality jurisdiction: 20% of fair value</li> <li>Corporation jurisdiction: 30% of fair value</li> </ul> </li> <li>20.23 to 40.47 ares (approx. 50–100 cents) <ul style="list-style-type: none"> <li>Panchayat jurisdiction: 20% of fair value</li> <li>Municipality jurisdiction: 30% of fair value</li> <li>Corporation jurisdiction: 40% of fair value</li> </ul> </li> <li>Above 40.47 ares (approx. &gt;100 cents) <ul style="list-style-type: none"> <li>Panchayat jurisdiction: 30% of fair value</li> <li>Municipality jurisdiction: 40% of fair value</li> <li>Corporation jurisdiction: 50% of fair value</li> </ul> </li> </ul> </li> <li>Application/administrative/ processing fee: different but nominal fees for the different application forms for these processes</li> <li>Tax assessment</li> </ol>	<p>Unauthorized conversion of paddy/wetland:</p> <ol style="list-style-type: none"> <li>Imprisonment: 6 months to 2 years</li> <li>Fine: INR 50,000 to INR 1 lakh</li> </ol> <p>Authorities may order demolition and reclamation for restoration of land.</p>

46. Regulates and restricts conversion of paddy land and wetland. Sections 5–9 define the constitution, term, and powers of the Local Level Authorized Committee, District Level Authorised Committee, State Level Committee; Section 23 prescribes penalties; search/seizure & confiscation powers (Sections 19–21). <https://envt.kerala.gov.in/wp-content/uploads/2018/07/The-Kerala-Conservation-of-Paddy-Land-and-Wetland-Act-2008.pdf>

47. *Paddy land* means all types of land situated in the state where paddy is cultivated at least once in a year or suitable for paddy cultivation but uncultivated and left fallow, and includes its allied constructions like bunds, drainage channels, ponds, and canals.

48. Inserted Section 27A - RDO (revenue divisional officer/subcollector)-led, fee-based change of use for unnotified paddy land. A later GO (25 Feb 2021) waives the fee only if the entire plot is ≤25 cents; if larger, the fee applies to the whole plot. Approvals remain with the RDO, not panchayats.

49. One are is 2.47 cents/0.024 acres.

50. *Public purpose* means the purpose for the schemes and projects undertaken or financed by the center or state governments, quasi-government institutions, local government institutions, statutory bodies, or other schemes, and other projects as specified by the government from time to time.

51. The Supreme Court of India clarified that the 25-cent fee exemption applies only when the total extent of area is up to 25 cents. For plots above 25 cents, the fees will be 10% of the value of total area (and not just what is in excess of 25 cents of land). *State of Kerala v. Moushmi Ann Jacob* [2025 INSC 255] [https://api.sci.gov.in/supremecourt/2023/45196/45196\\_2023\\_5\\_1501\\_59567\\_Judgement\\_20-Feb-2025.pdf](https://api.sci.gov.in/supremecourt/2023/45196/45196_2023_5_1501_59567_Judgement_20-Feb-2025.pdf).

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
	<p>C. Paddy land left fallow</p> <ol style="list-style-type: none"> <li>1. Notice: LLMC directs holder to use and cultivate either paddy or intermediate crops (Section 15).<sup>52</sup></li> <li>2. If holder cannot do so, LLMC seeks the holder's consent to entrust cultivation rights to panchayat/ municipality, which in turn can auction/give them to joint farmer societies/self-help groups for a specific period (Section 16).</li> </ol> <p>D. Unnotified land for any purpose:<sup>53</sup></p> <ol style="list-style-type: none"> <li>1. Application: To be submitted to RDO: If the extent of unnotified land is less than 20.23 ares, the application for conversion must be in Form 6 in the 2008 Rules. If the area is more than 20.23 ares the application should be in Form 7 in the 2008 Rules. The application should include a sketch/ plan for setting apart 10% of the land for water conservation.</li> <li>2. Verification: RDO sends the application to the village officer for a report on current use/soil status. <ul style="list-style-type: none"> <li>- If the land is larger than 20.23 ares, the RDO must also get an opinion from the agricultural officer regarding water conservation measures.</li> <li>- If the land exceeds 1 hectare, the RDO must conduct a direct site inspection.</li> </ul> </li> <li>3. Decision: RDO may permit with conditions or reject, subject to conditions of conserving water and provided such conversion will not affect the cultivation of adjoining paddy lands.</li> <li>4. The tehsildar reassesses the land tax under the Kerala Land Tax Act.</li> <li>5. The village officer must update the Basic Tax Register and Thandaper to reclassify the land.</li> </ol> <p>Appeals go to district collector against the above orders.</p> <p>Exemptions from the above process:</p> <ul style="list-style-type: none"> <li>• For plots below 25 cents, a sworn affidavit stating that the land is not a wetland is required.</li> <li>• For the construction of a residential building with an area of 120 sq. metres on a maximum of 4.04 ares of land, or a commercial building with a maximum 40 sq. metres on 2.02 ares of land.</li> </ul>			

52. Short-term crop, cultivated in between two paddy cultivation periods in an interchangeable manner according to the ecological nature of the paddy land, like vegetables, pulses, plantain, fish, etc.

53. Land that is included as paddy land or wetland in the Basic Tax Register but is not notified as paddy land in the data bank created under the 2008 act. Until December 30, 2017, Kerala Land Utilisation Order, 1967 was the governing law for such lands as they were not covered under the 2008 act.

## MADHYA PRADESH

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
Madhya Pradesh Land Revenue Code, 1959 subject to Madhya Pradesh Land Revenue Code (Amendment) Act, 2018 (deleting the old procedure and bringing in self-assessment)	<ol style="list-style-type: none"> <li>Online application for intimating diversion intimation and self-assessment <ul style="list-style-type: none"> <li>Landowner accesses MP Bhulekh / RCMS portal and uses the “diversion intimation” service to declare a change from agricultural to nonagricultural use, entering details (survey no., area, new-use category, etc.) and uploading required documents (7/12 extract or record of rights, mutation entry, land map, site plan, Gram Panchayat no-objection certificate).</li> <li>The portal, applying the 2018 rules, automatically calculates premium and new land revenue based on the guideline (market) value and proposed use (residential, industrial, commercial, mining, etc.).</li> </ul> </li> <li>Payment: The landowner pays the premium and revised land revenue online, generating a fee receipt.</li> <li>Verification &amp; record update: Within 30 days, the SDO verifies correctness of the self-assessment and orders updating of land records (other than records-of-rights) to reflect the new use, or raises objections if the diversion contravenes law (e.g., tribal-land transfer restrictions under Section 165).</li> </ol>	Subdivisional officer (SDO) / subdivisional magistrate	Diversion premium is payable at the per sq. metre rupee rates differentiated by location (major municipal corporations, other corporations, municipal councils, Nagar Parishads, gram panchayats) and by existing and proposed land use (agricultural, dwelling house, educational, industrial, charitable, other, commercial). <sup>54</sup>	Failure to intimate such change: SDO will calculate premium and reassess the land revenue payable on account of such diversion, and impose penalty as computed and determined.

54. The Madhya Pradesh Land Revenue Code, 1959, section 59 read with the Madhya Pradesh Land Revenue Code (Amendment) Act, 2018, section 31, and the Madhya Pradesh Land Revenue Code (Assessment and Re-assessment of Land Revenue) Rules, 2018, rule 7.

## MAHARASHTRA

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>1. Maharashtra Land Revenue Code, 1966<sup>55</sup></p> <p>2. Maharashtra Land Revenue (Conversion of Use of Land and Non-Agricultural Assessment) Rules, 1969<sup>56</sup></p> <p>3. Maharashtra Regional &amp; Town Planning Act, 1966<sup>57</sup></p> <p>4. Unified Development Control and Promotion Regulations for Maharashtra State, 2023<sup>58</sup></p> <p>5. Maharashtra Tenancy &amp; Agricultural Lands Act, 1948<sup>59</sup></p>	<p>Subject to the 2025 amendment to the Maharashtra Land Revenue Code:</p> <p>Where the landholder applies to the competent authority for development permission or building-plan approval under the applicable planning framework,<sup>60</sup> no Collector permission is required under the Revenue Code.<sup>61</sup></p> <ol style="list-style-type: none"> <li>1. Premium payment: The competent authority recovers the one-time premium for nonagricultural use when granting development permission or building-plan approval.<sup>62</sup></li> <li>2. Revenue-record update: Necessary changes are made in the revenue records pursuant to the permission/approval.<sup>63</sup></li> </ol> <p>Note: Planning/building approval removes the separate Collector permission for nonagricultural use. It does not make restricted-title land freely transferable.<sup>64</sup> For Occupant Class-II land,<sup>65</sup> government lease/grant land,<sup>66</sup> tenancy-restricted land, tribal-transfer-restricted land, or other restricted-title lands, separate permissions or premiums may still be required before sale, mortgage, lease, redevelopment, transfer, or conversion to freehold. Class-I land (lands held in perpetuity and without restrictions on transfer)<sup>67</sup> on the other hand may change title upon such approvals/change in use.<sup>68</sup></p> <p>Repealed deemed routes: The 2025 amendment also deleted the earlier deemed-conversion/approval for carve-outs (development plan areas, final development plan areas, draft regional plan, residential purpose, and bonafide industrial purpose)<sup>69</sup> has been removed as well as the procedure for securing the Collector's permission<sup>70</sup> and penalty.<sup>71</sup></p>	<ol style="list-style-type: none"> <li>1. Competent authority under the Maharashtra Regional &amp; Town Planning Act, as applicable</li> <li>2. Urban Development Department / BPMS / Auto DCR: online permission, approval, and premium-payment workflow<sup>72</sup></li> <li>3. Revenue Department / tehsildar: revenue-record update where it cannot be done online</li> </ol>	<ol style="list-style-type: none"> <li>1. One-time premium under Revenue Code: <ul style="list-style-type: none"> <li>- up to 1,000 sq. m.: 0.1% of current market value;</li> <li>- above 1,000 and up to 4,000 sq. m.: 0.25%;</li> <li>- above 4,000 sq. m.: 0.5%<sup>73</sup></li> </ul> </li> <li>2. No annual nonagricultural assessment for converted lands<sup>74</sup></li> <li>3. Other charges: development charges, etc. may still apply</li> </ol>	<p>Provisions under the Maharashtra Regional &amp; Town Planning Act, 1966, will apply for unauthorized development or use contrary to the development plan or permission conditions: issue notices, stop work, require removal/restoration or discontinuance of unauthorized use, prosecute, and recover costs as allowed by the Act.</p> <p>The old Revenue Code penalty route for unauthorized nonagricultural use, including penalties linked to nonagricultural assessment, has been deleted/replaced for post-amendment cases.<sup>75</sup></p>

55. The current process is based on the Maharashtra Land Revenue Code, 1966 as amended by Maharashtra Land Revenue Code (Second Amendment) Act, 2025 (Mah. Act LVII of 2025); Revenue and Forest Department, Government Resolution No. NAP-2025/Pra.Kra.177/Jamin-01A, dated 10 February 2026, <https://images.tv9marathi.com/wp-content/uploads/2026/02/Revenue-Department-NA-Permission.pdf>; and Revenue and Forest Department, Circular No. NAP-2025/Pra.Kra.177/Jamin-01A, dated 23 April 2026, and <https://www.maharashtracivilservice.org/cdn/mcs290426100845.pdf>.

56. The 1969 Rules should now be read as legacy/transitional rules only to the extent they survive and are consistent with the amended Revenue Code.

57. The Town Planning act provides for development permission, building-plan approval, development plans, regional plans, and planning-authority control. Section 76M gives this act an overriding effect over the Maharashtra Land Revenue Code, 1966, for areas within development plans however, in practice, procedure for change of land use was duplicated.

58. These regulations apply to building activity and development work within the jurisdiction of planning authorities and regional plan areas, subject to local/special-area exceptions.

59. The Tenancy Act remains relevant for transfer/tenure restrictions, including restrictions on transfer to non-agriculturists (section 63) and bona fide industrial-use exceptions (section 63A), subject to 2026 amendment.

60. New section 42 refers to areas covered by draft or final Development Plan, Regional Plan, Development Control Regulations, or any other rules, regulations, orders, or guidelines issued under the Town Planning Act.

61. Old section 42 required Collector permission before agricultural land could be used for nonagricultural purposes.

62. Before the amendment, the old framework included conversion premium, annual nonagricultural assessment, and other conversion dues.

63. The 10 February 2026 GR directs that revenue records be updated through BPMS/Auto DCR/Digital 7/12 integration after planning approval. Where no online system is in use, the Planning Authority must separately inform the tehsildar. The 23 April 2026 circular gives supplementary directions for online premium payment and revenue-record coordination..

64. 'Occupancy' means the type of title/tenure recorded for the land, not physical occupation. Under section 29 of the Revenue Code, landholders include Occupants-Class I, Occupants-Class II, and Government lessees.

65. Class-II land is held in perpetuity but with restrictions on transfer.

66. Government lessee/leasehold/granted land is held under grant or lease conditions and may require nazrana/premium or competent-authority permission before transfer, redevelopment, mortgage, lease, or change in tenure.

67. Class I land is the closest to transferable private land.

68. Substituted section 42(2).

69. Sections 42A, 42B, 42C, 42D, and 44A.

70. Section 44.

71. Sections 45 and 46.

72. The 23 April 2026 circular states that BPMS (Building Plan Management System) was modified for online payment of conversion premium; Auto DCR/Development Permit Portal is to be similarly modified. It also instructs that, after 31 December 2025, old NA permissions/sanads issued under the pre-amendment provisions should be cancelled and any amounts wrongly collected returned.

73. Earlier Maharashtra appendix rates: approximately 50% of market value for agricultural-to-residential conversion and 75% of market value for agricultural-to-commercial conversion, plus annual nonagricultural assessment. Fees, Procedure and Document Checklist for Change in Land Use service in Maharashtra, [https://maitri.mahaonline.gov.in/PDF/EoDB%20SRAP2020\\_UDI\\_FeesProcedure\\_DocumentChecklist\\_ChangeinLandUse.pdf](https://maitri.mahaonline.gov.in/PDF/EoDB%20SRAP2020_UDI_FeesProcedure_DocumentChecklist_ChangeinLandUse.pdf).

74. Sections 108-120 of Chapter VII, which dealt with nonagricultural assessment, were deleted by the 2025 amendment. The 10 February 2026 GR also directs that annual nonagricultural tax should no longer be levied on properties already put to nonagricultural use, subject to the one-time premium rules for past conversions.

75. Pre-31 December 2025 penalty proceedings under the old Code may continue, but for use begun after 31 December 2025 without development permission/building-plan approval, the competent authority should proceed under the Town Planning Act.

## ODISHA

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
1. Odisha Land Reforms (OLR) Act, 1960 <sup>76</sup>	A. Conversion by raiyat	1. Tehsildar	1. Conversion fee:	Violation of any order issued/false declarations made: <sup>81</sup>
2. Odisha Land Reforms Rules, 1965 <sup>77</sup>	1. Application & initiation: Raiyat submits Form No. 25 in duplicate (physical or online via odisharevenueservices.nic.in)	2. Subcollector/ subdivisional officer	- Land situated within any municipal area/ Land situated in the area within half kilometre on either side of national highways: INR 3,00,000	Imprisonment up to six months
3. Board of Revenue Circular No. 137/2017 <sup>78</sup>	(Suo Motu Power (Complexity): The tehsildar can initiate a suo motu case if unauthorized conversion is detected during field tours. In these cases, the officer acts as both inspector and judge.) <sup>79</sup>	3. Revenue inspector	- Land situated in areas within one-quarter kilometre on either side of state highways: INR 1 lakh	and/or
	2. Planning clearance (urban areas): If the land is in an area under the Orissa Town Planning and Improvement Trust Act of 1956 or Orissa Development Authorities Act of 1982, the officer refers the application to the concerned development/town-planning authority	4. District collector (appellate authority)	- Land situated in a municipal area or any area notified as urban area under the Orissa Government Land Settlement Rules of 1983: INR 75,000	Fine that may extend to INR 500 <sup>82</sup>
	3. Inquiry & verification: - The authorized officer conducts an inquiry personally or through a subordinate officer (revenue inspector) if the proposed conversion will not obstruct water courses. - Applicant is given a reasonable opportunity to be heard.	5. District Investment Promotion Committee / GO SWIFT single window	- Land situated in the developing regions as notified by the state government: INR 30,000	
	4. Decision: Once the tehsildar approves conversion and passes an order for settlement of the land on lease basis under the Orissa Govt Land Settlement Act of 1962.		- Land situated in any area not covered by OLR Act: 5% of the market value of land or INR 1,000 (whichever is more)	
	5. Conversion premium and revenue assessment		Nonagricultural assessment: collected annually after conversion	
	6. Execution of lease deed: Upon full payment of premium and revenue, the tehsildar/subcollector must execute the lease deed in Form No. 27.		Processing/online service fee	
	B. Conversion of agricultural land for nonagricultural purpose/industrial projects (via GO SWIFT Portal):			
	1. The investor applies via Odisha GO SWIFT Portal (investodisha.gov.in), which offers single-window clearance across departments, including for conversion of agricultural land.			
	2. Parallel scrutiny: Scrutiny occurs simultaneously with other clearances (pollution, fire, etc.).			
	3. Conversion: Demand note generated online. Upon digital payment, the conversion certificate and updated record of rights are available for download on the dashboard.			
	Exemption: Entrepreneurs setting up micro, small, and medium enterprises in the state will no longer need to apply for land conversion or pay related charges. <sup>80</sup>			

76. Section 8(A) (inserted by the Odisha Land Reforms (Amendment) Act, 1972) mandates collector's prior permission for using agricultural land for nonagricultural purposes.

77. Rules 12A, Forms A & B (procedure, timelines, and fees).

78. "Mission-mode disposal" of pending conversion cases, enforcing 90-day statutory limit and directing online integration of applications. [https://revenue.odisha.gov.in/sites/default/files/2020-05/24311\\_22-07-17.pdf](https://revenue.odisha.gov.in/sites/default/files/2020-05/24311_22-07-17.pdf).

79. Prasan Tete, ORS, Addl. Tahsildar, Hemgir, "Conversion of Agricultural land for nonagricultural purposes under 8-A of OLR Act, 1960- A boon or Bane? The up to date instructions issued by the Government in the matter so far" [https://rotiodisha.nic.in/files/29102018/Publication%20And%20Training%20Material/Project%20Reports%20of%20Trainees/OLR-8-A/Prasan%20Tete\\_20th%20Batch.pdf](https://rotiodisha.nic.in/files/29102018/Publication%20And%20Training%20Material/Project%20Reports%20of%20Trainees/OLR-8-A/Prasan%20Tete_20th%20Batch.pdf).

80. Biswajeet Swain, "Odisha Govt Waives Land Conversion Fee and Rent for MSME Entrepreneurs" *Sambad English*, October 31, 2025, <https://sambadenglish.com/latest-news/odisha-govt-waives-land-conversion-fee-and-rent-for-msme-entrepreneurs-10610143>.

81. The Odisha Land Reforms Act, 1960, section 68.

82. The Odisha Land Reforms Act, 1960, section 68.

PUNJAB

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>1. Punjab Regional and Town Planning and Development Act, 1995<sup>83</sup></p> <p>2. The Punjab Regional and Town Planning and Development (General) Rules, 1995</p> <p>3. Right to Business Act, 2020</p>	<p>1. Application: filed online via the state single-window Invest Punjab / FastTrack with prescribed form, site plan, title deeds, and project details</p> <p>2. Routing &amp; scrutiny – portal routes the application to the competent authority (chief administrator of the relevant development authority / commissioner / director, town and country planning [DTCP]). Technical examination by DTCP ensures conformity with the notified master plan/zoning.</p> <p>3. Interdepartmental consultations – where required, comments are sought from the fire department, pollution control board, etc.</p> <p>4. Decision &amp; timelines – Housing and Urban Department 2023 notification linked change of land use with layout plan/building plan/license to colonies as part of a time-bound single-window system: prescribing a 45 to 60-day outer limit for approvals.<sup>84</sup></p> <p>Exemptions: Stand-alone industrial units meeting notified siting and road-width criteria are exempted from separate land use change permission, operating on self-declaration.<sup>85</sup></p>	<p>1. Chief administrator</p> <p>2. Director, town and country planning</p> <p>3. Commissioners, municipal corporations, and regional deputy directors, local government</p> <p>4. Deputy commissioners / district collectors</p> <p>5. Department of Housing and Urban Development (HUD)</p>	<p>1. Fee: per HUD schedules –INR 5,000 for first acre + INR 1,000 per additional acre (processing fee); conversion charge scales with zone and land-use type (residential plotted, group housing, commercial, hotel, hospital, multimedia, gasoline pump, etc.), notified periodically by HUD and Town and Country Planning Department.</p> <p>2. Application fee: INR 500 per hectare<sup>86</sup></p> <p>3. External development charges: payable to development authority for off-site infrastructure (roads, water, sewer); rates published per authority.</p> <p>4. Infrastructure / license fees: for colonizers or group housing, payable before sanction; online calculation integrated with change of land use workflow</p>	<p>Unauthorized development:</p> <p>1. Issue stop-work notices,<sup>87</sup></p> <p>2. Order demolition/alteration,<sup>88</sup> and</p> <p>3. Imprisonment up to 3 years and Fine: INR up to 10,000 + INR 1,000 for each day of continuing contravention<sup>89</sup></p> <p>4. Recover development charges and penalties as arrears of land revenue<sup>90</sup></p>

83. Sections 75–82 empower competent authorities to permit change of land use within planning areas and levy fees.

84. Notification No. 18/02/2023-5H82/524, Department of Housing and Urban Development (Housing -2 Branch), Government of Punjab, 24 March 2023, <https://rera.punjab.gov.in/pdf/latest-news/20230518LatestNewsf84e7df2-5032-4bd1-ad48-7f5d94175f39.pdf>.

85. Punjab grants exemption from CLU for setting up stand-alone industries, Hindustan Times, 13 November 2021, <https://www.hindustantimes.com/cities/others/punjab-grants-exemption-from-clu-for-setting-up-stand-alone-industries-101636817930063.html>.

86. The Punjab Regional and Town Planning and Development (General) Rules, 1995, rule 38 read with the Right to Business Act, 2020, section 19.

87. The Punjab Regional and Town Planning and Development Act, 1995 section 88(1).

88. The Punjab Regional and Town Planning and Development Act, 1995, section 87(2) and the Right to Business Act, 2020, section 11(1).

89. The Punjab Regional and Town Planning and Development Act, 1995, section 87(7).

90. The Punjab Regional and Town Planning and Development Act, 1995, section 87(6)(b)(ii).

## RAJASTHAN

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>1. The Rajasthan Land Revenue Act, 1956</p> <p>Rural: 2. Rajasthan Land Revenue (Conversion of Agricultural Land for Non-Agricultural Purposes in Rural Areas) Rules, 2007 (as of December 2024).</p> <p>Urban: 3. Rajasthan Urban Areas (Permission for Use of Agricultural Land for Non-Agricultural Purposes and Allotment) Rules, 2012 (Nonagricultural use permission inside urban limits)</p> <p>Note: Rajasthan Urban Area (Change of Land Use) Rules, 2010 [procedure for change of land (not agricultural land) use in urban areas.]</p>	<p>Rural (2007 rules)</p> <ol style="list-style-type: none"> <li>Application in Form A online or in tehsil office to the prescribed authority under Rule 9 (tehsildar/ SDO/collector/state government, depending on use and area), attaching required documents and proof of initial conversion-charge deposit.</li> <li>Scrutiny: Tehsildar &amp; revenue staff verify title, restrictions (Rule 4) and master-plan/peripheral-belt status using the Form-F checklist; the prescribed authority makes the necessary inquiries.</li> <li>Interdepartmental inputs where applicable</li> <li>Decision within 45 days:<sup>91</sup> issue conversion order in Form-B, reject the application with reasons, or intimate any balance conversion charges to be deposited; once the balance challan is produced, the order must be issued within 15 days</li> <li>Escalation: If the authority misses the deadline, the district collector or divisional commissioner must issue the order within 30 days, and it is treated as if issued by the original authority.</li> <li>Post-order: mutation to nonagricultural use category; for colonies/industrial areas, layout/building plans go to the district-level committee chaired by the district collector (per Rule 19-B).</li> </ol> <p>Urban (2012 rules):</p> <ol style="list-style-type: none"> <li>Online change of land use / nonagricultural applications are filed with the authorized officer / local authority.</li> <li>The authorized officer must dispose of NA applications under Rule 4 within 45 days, while tourism-unit conversions enjoy a policy-level 60-day timeline and deemed-conversion protection under the Tourism Unit Policy 2015/2024 and Rajasthan Investment Promotion Scheme (RIPS)-linked tourism facilitation.</li> </ol>	<p>Rural:<sup>92</sup> Residential unit &lt; 4,000 sq. metre: tehsildar; Residential colony/project &lt; 10,000 sq. metre: subdivisional officer; &lt; 50,000 sq. metre: district collector &gt; 50,000 sq. metre: state government</p> <p>Commercial use &lt; 5,000 sq. metre (excluding cinema, petrol pump, explosive magazine, multiplex, hotel, resort): subdivisional officer; &lt; 50,000 sq. metre: district collector; &gt; 50,000 sq. metre: state government</p> <p>Industrial use &lt; 10,000 sq. metre (excluding tourism unit): subdivisional officer; &lt; 200,000 sq. metre (including tourism unit): district collector; &gt; 200,000 sq. metre: state government</p> <p>Institutional/medical/public-utility/salt manufacturing/SEZ/food processing unit, etc.: Prescribed authorities vary by notified plot-area bands in the same Rule 9 table.</p> <p>Urban: Competent authorities are urban local bodies/development authorities acting under the Urban Development and Housing Department (nonagricultural permission under 2012 rules).</p>	<p>Conversion charges (rural):<sup>93</sup> Residential unit/Industrial Area/Industrial purpose/Industrial Estate: INR 5 per sq. metre or 5% of District Level Committee rate/purchase value (whichever is higher); Residential colony: INR 7.5 per sq. metre or 7.5% of District Level Committee rate/purchase value; Commercial: INR per 10 sq. metre or 10% of District Level Committee rate/purchase value (whichever is higher); Institutional/medical/public-utility/salt manufacturing/SEZ/food processing unit, etc.: different rates Tatkal conversion is available on payment of additional tatkal charges (INR 10,000 + 5 INR/sq. metre), with a 15-working-day disposal timeline and similar escalation.</p> <p>No-permission / no-charge cases (rural): Rules 5, 6, 6-A, 8 include (i) no permission needed for a khatedar to use up to 1 acre of khatedari land for a micro/small industrial unit, small brick kiln or for institutional/medical/public-utility purposes (deemed converted); (ii) no conversion charges payable for specified tourism units, certain information technology facilities up to 465,000 m<sup>2</sup>, and other notified cases; (iii) a khatedar may construct dwelling house/cattle shed/storehouse up to 500 m<sup>2</sup> without conversion charges; (iv) eligible units approved under RIPS-2022; etc.</p> <p>Urban change of land use / nonagricultural fees: charged per rates issued under 2012 rules.</p> <p>Exemption: No conversion charges shall be payable for conversion of land for Solar Farm/Solar Plant/Solar Power Plant, Wind Farm/Wind Power Plant held by khatedar tenant belonging to Scheduled Caste or Scheduled Tribe.</p>	<p>Rural: Arrears of conversion charges/interest are recoverable as arrears of land revenue under the Rajasthan Land Revenue Act of 1956; The conversion order carries conditions, and violation exposes the case to cancellation / regularization only per the rules / notifications.</p> <p>Urban: Arrears of conversion charges/interest are recoverable as arrears of land revenue;</p> <p>No building/layout sanctions are issued without change of land use / nonagricultural use compliance; files move only on production of the conversion / change-of-land-use order and fee receipt.</p>

91. The Rajasthan Land Revenue (Conversion of agricultural land for nonagricultural purposes in rural areas) (Amendment) Rules, 2023.

92. The Rajasthan Land Revenue (Conversion of Agricultural Land for Non-Agricultural Purposes in Rural Areas) Rules, 2007, rule 9.

93. The Rajasthan Land Revenue (Conversion of Agricultural Land for Non-Agricultural Purposes in Rural Areas) Rules, 2007, rule 7.

## TAMIL NADU

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>1. Tamil Nadu Town and Country Planning Act, 1971<sup>94</sup> - control of development/ permission &amp; penalties</p> <p>2. Tamil Nadu Change of Land Use (From Agriculture to Non-Agriculture Purposes in Non-Planning Areas) Rules, 2017<sup>95</sup></p> <p>3. Amendment notification in 2025: G.O.Ms. No. 53/2025 (Amendments to Change of Land Use Rules)</p>	<p>For dry land:</p> <ol style="list-style-type: none"> <li>Application: File Form-I with local authority plus scrutiny fees and a host of documents: land records, site plans, no-objection certificates (NOCs), etc. - Depending on the nature of conversion, land location, etc., a host of NOCs are required from relevant authorities</li> <li>Local authority seeks prior concurrence of director of town and country planning (DTCP)</li> <li>DTCP shall obtain the prior concurrence from the joint director of agriculture in case of dry lands.</li> <li>DTCP issues prior concurrence.</li> <li>Local authority assesses and collects conversion charge.</li> </ol> <p>For wetland: In the case of wetlands, DTCP will obtain the prior concurrence of the district collector.</p> <ol style="list-style-type: none"> <li>To give concurrence, the collector shall inspect the site.</li> </ol>	<ol style="list-style-type: none"> <li>Local authority (municipality/ town panchayat/village panchayat) receives application.</li> <li>Director of town and country planning (DTCP) must give prior concurrence.</li> <li>Collector gives prior concurrence for wetlands;</li> <li>Joint director of agriculture gives report for dry lands.</li> <li>Relevant authorities for NOC: <ul style="list-style-type: none"> <li>PWD/water resources/ concerned department: NOC for alternative alignment of government-owned water bodies</li> <li>Concerned government agency: NOC to construct a culvert across a government-owned canal/channel/water course.</li> <li>Commissioner/executive officer/executive authority (local body): NOC if the building plot is within 15 metres of a canal/channel/water course.</li> <li>Coastal Zone Management Authority/ASI/concerned dept.: NOC if the site lies in a Coastal Regulation Zone, Archaeological Survey of India (ASI) area, or declared prohibited area.</li> </ul> </li> </ol> <p>Principal chief conservator of forests/ chief engineer (agricultural engineering)/ assistant/deputy director of geology and mining: NOC for sites within the Hill Area Conservation Authority's purview.</p>	<ol style="list-style-type: none"> <li>Scrutiny fee: INR 1,000 per plot to local authority (Rule 3).</li> <li>Conversion charge: 3% of market value (collected by local authority after DTCP concurrence and deposited to government head of account).</li> <li>Other development charges are under the 1971 act/local planning norms, separate from land use conversion charge.</li> </ol>	<ol style="list-style-type: none"> <li>Development/ change of use without permission: Planning authority may require removal/ restoration.<sup>96</sup></li> <li>Stop unauthorized development (Section 57), and proceed under Chapter XI (Penalties) of the 1971 act (Sections 83-89) read with Schedule I, including: <ul style="list-style-type: none"> <li>imprisonment: 3 months to 3 years and</li> <li>Fine: INR 50,000 to INR 1 lakh.<sup>97</sup></li> </ul> </li> <li>Imprisonment for false information (up to 6 months)</li> </ol>

94. The Tamil Nadu Town and Country Planning Act, 1971. From [https://prsindia.org/files/bills\\_a\\_acts/acts\\_states/tamil-nadu/1972/1972TN35.pdf](https://prsindia.org/files/bills_a_acts/acts_states/tamil-nadu/1972/1972TN35.pdf).

95. Tamil Nadu Change of Land Use (From Agriculture to Non-Agriculture Purposes in Non-Planning Areas) Rules, 2017, under section 122 read with section 47-A of the Tamil Nadu Town and Country Planning Act, 1971) [https://upload.indiacode.nic.in/showfile?actid=AC\\_TN\\_85\\_213\\_00001\\_00001\\_1545117902669&filename=tamil\\_nadu\\_change\\_of\\_land\\_use.pdf&type=rule](https://upload.indiacode.nic.in/showfile?actid=AC_TN_85_213_00001_00001_1545117902669&filename=tamil_nadu_change_of_land_use.pdf&type=rule).

96. The Tamil Nadu Town and Country Planning Act, 1971, section 56.

97. The Tamil Nadu Town and Country Planning Act, 1971 (as amended by the Tamil Nadu Town and Country Planning (Amendment) Act, 2012), section 83(3).

## TELANGANA

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>1. Telangana Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006<sup>98</sup></p> <p>2. Telangana State Industrial Project Approval and Self Certification System (TS-iPASS) Act, 2014 (for industrial projects)<sup>99</sup></p>	<p>A. For change to other uses<sup>100</sup></p> <ol style="list-style-type: none"> <li>Application filing: Files online via BhuBharti portal with record of rights, title / registered document, survey map / site plan, proposed nonagricultural use, etc.</li> <li>Deficit notice (if any): If the amount paid is short or there is a defect, the authority issues a deficit/defect notice within 7 days of the application.</li> <li>Rectification / balance payment: Applicant pays the deficit or cures the defect within 7 days of the notice. If no notice is received within 7 days, the original payment is treated as sufficient.</li> <li>Decision/review: The revenue divisional officer passes a reasoned order to grant/refuse (in whole or part) within 15 days of the request or within 7 days from the date the deficit is paid (whichever applies). If no order in time: <i>deemed permission</i>.</li> <li>Record update (mutation): On grant (or deemed grant), conversion is reflected in land records (via Bhu Bharti workflow).</li> <li>Appeal: Appeal goes to the district collector within 60 days from when the applicant receives the order.</li> </ol> <p>B. For conversion to industrial projects: Single clearance administrative portal (TG-iPASS) for all industrial projects, which also includes conversion of land:</p> <ol style="list-style-type: none"> <li>Applicant has to file online with documents for all clearances, including change of land use.</li> <li>Approval in 15 days for mega projects and 30 days for others.<sup>101</sup> Deemed approval if the time limit is not followed.<sup>102</sup></li> </ol>	<p>A. For change to other uses</p> <ol style="list-style-type: none"> <li>Revenue divisional officer (RDO) (includes subcollector/assistant collector per definition) grants/refuses conversion.<sup>103</sup></li> <li>Tehsildar / Mandal revenue officer conducts verification &amp; processing under the RDO.</li> <li>Revenue inspector conducts site/record checks assisting the above.</li> <li>District collector has appellate authority (60 days).</li> <li>Irrigation/revenue department gives additional permissions.</li> <li>Gram panchayat for NOCs, clearances.</li> <li>Development authority: Depending on jurisdiction</li> <li>Chief commissioner of land administration offers state-level revenue administration &amp; oversight</li> </ol> <p>B. Under TG-iPASS:</p> <ol style="list-style-type: none"> <li>Hyderabad Metropolitan Development Authority (HMDA)</li> <li>Directorate of Town and Country Planning</li> <li>District/state committee</li> <li>Telangana State-Wide Investment Facilitation Board</li> </ol>	<p>A. For change to other uses</p> <ol style="list-style-type: none"> <li>Conversion tax <ul style="list-style-type: none"> <li>Within Greater Hyderabad Municipal Corporation: 2% of basic value</li> <li>Outside Greater Hyderabad Municipal Corporation: 3% of basic value</li> <li>(Basic value: set by the sub-registrar per the 2006 act and market rates)</li> </ul> </li> <li>Nonagricultural assessment Assessment on converted land based on land use type.</li> <li>Development charges<sup>104</sup> Varied rates based on location, land, and built-up area: INR 80–300 per sq. metre (in areas under HMDA)</li> </ol> <p>Under TG-iPASS:<sup>105</sup></p> <ol style="list-style-type: none"> <li>Processing charges (also): INR 20,000 to 10 lakhs depending on land size</li> <li>Plus, publication charges of INR 2 lakhs</li> <li>Development charges<sup>106</sup> Varied rates based on location, land, and built-up area: INR 80–300 per sq. metre. (in areas under HMDA)</li> </ol>	<p>A. For change to other uses:</p> <ol style="list-style-type: none"> <li>Unauthorized use: Treated as deemed converted from the date nonagricultural use began.</li> <li>Conversion tax + 50% of conversion tax payable as penalty.</li> <li>Nonpayment of tax/penalty: Recovery as land revenue arrears per Telangana Revenue Recovery Act of 1864 plus interest/late fee as prescribed.</li> </ol> <p>Under TG-iPASS: penalty of INR 1,000 for officers delaying applications</p>

98. The Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 (Telangana Adaptation Order) 2016, G.O.Ms. No. 4, Revenue (Land Matters) Department, Government of Telangana, January 5, 2016, [https://tg-bn-website-assets.flowmlabs.tech/GOs-and-ACTs/O\\_4\\_05012016REV\\_MS4.pdf](https://tg-bn-website-assets.flowmlabs.tech/GOs-and-ACTs/O_4_05012016REV_MS4.pdf).

99. TS-iPASS is mentioned in the title of the law; however, administratively, the system is referred to as TG-iPASS.

100. The Telangana Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006, section 3.

101. The Telangana State Industrial Project Approval and Self Certification System Rules, 2015, rule 9.

102. The Telangana State Industrial Project Approval and Self Certification System Rules, 2015, rule 10.

103. The Telangana Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006, section 5.

104. G.O.Ms No. 233 (30-08-2016), Municipal Administration and Urban Development Department, Government of Telangana, <https://www.hmda.gov.in/wp-content/uploads/2020/07/G.O.-no.-223.pdf>.

105. Checklist for Change of Use Proposals, Government of Telangana, <https://www.hmda.gov.in/wp-content/uploads/2020/07/CLU.pdf>.

106. G.O.Ms No. 233 (30-08-2016) <https://www.hmda.gov.in/wp-content/uploads/2020/07/G.O.-no.-223.pdf>.

## UTTARAKHAND

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<p>1. Uttar Pradesh Zamindari Abolition and Land Reforms Act, 1950 (as adapted to Uttarakhand, 2001)</p> <p>2. Uttarakhand Urban and Country Planning &amp; Development Act, 1973 (adapted from U.P. Act, 1973)</p> <p>3. Kumaun &amp; Uttarakhand Zamindari Abolition and Land Reforms Act, 1960 and 1965 Rules (for hill districts)</p>	<p>Land not in master plan</p> <p>1. Application filed online through Land Use Change &amp; Purchase Permission Portal (landuse.uk.gov.in) or at tehsil – Attach record of rights (khatauni/khasra), title deed, site plan, location sketch, affidavit of intended use.</p> <p>2. Scrutiny: Subdivisional magistrate forwards file to tehsildar, who in turn secures revenue inspector’s report on current use, irrigation works, encumbrances, ceiling, forest/acquisition restrictions.</p> <p>3. Objections: Subdivisional magistrate issues public notice; objections invited from interested persons.</p> <p>4. Decision: Subdivisional magistrate issues conversion order.</p> <p>5. Mutation / record update: Tehsildar mutates land from agricultural to the approved nonagricultural category.</p> <p>Land covered in master plan</p> <p>1. Application filed before the Local Development Authority with ownership documents, layout plan, land-use statement, and required NOCs.</p> <p>2. Scrutiny: conformity with master/zonal plan; consult line departments as needed (e.g., PWD, forest, irrigation)</p> <p>3. Assessment &amp; demand: Conversion charge is assessed and notified (methodology tied to circle rate, land-use category, land size); demand notice is generated and paid online/off-line per authority instructions.</p> <p>4. Issue of permission / integration: After fee realization, the development authority issues the land-use conversion permission/endorsement.</p> <p>Process simplification: 100% waiver of land-use conversion and development charges: solar power plants<sup>107</sup></p>	<p>1. Subdivisional magistrate</p> <p>2. Tehsildar/ revenue inspector</p> <p>3. Development Authority</p> <p>4. Board of Revenue</p> <p>5. Urban Planning and Housing Department</p>	<p>Land not in master plan</p> <p>1. Conversion Premium – One-time premium notified.</p> <p>2. After conversion, land attracts nonagricultural land revenue assessment</p> <p>Land covered in master plan:<sup>108</sup></p> <p>Land-use conversion charge: Schedules (linked to circle/sector rates and nature of land-use shift). – No charge where land-use shifts automatically upon new master-plan notification.</p>	<p>1. Use without Section 143 order: refusal of other services (mutation/building plan/registration)</p> <p>2. Use contrary to master plan without securing conversion order: fine up to INR 25,000 and INR 1,250 per day for continuing violation</p>

107. Uttarakhand Solar Energy Policy 2023, Government of Uttarakhand, [https://investuttarakhand.uk.gov.in/themes/backend/acts/act\\_english1692357589.pdf](https://investuttarakhand.uk.gov.in/themes/backend/acts/act_english1692357589.pdf).

108. The Uttarakhand Urban and Country Planning and Development Act, 1973, section 38-A.

## UTTAR PRADESH

Legal Framework	Process & Procedures	Authorities Involved	Cost of Conversion	Penalties
<ol style="list-style-type: none"> <li>Uttar Pradesh Revenue Code, 2006<sup>109</sup></li> <li>Uttar Pradesh Revenue Code Rules, 2016</li> <li>Uttar Pradesh Urban Planning and Development Act, 1973<sup>110</sup></li> <li>Uttar Pradesh Urban Planning and Development (Assessment, Levy and Collection of Land-Use Conversion Charge) Rules, 2014<sup>111</sup></li> <li>State single-window portals for filing: Nivesh Mitra (industrial/services) and Board of Revenue service for Change/Certificate of land use.</li> </ol>	<p>Land outside master plan/development area:</p> <ol style="list-style-type: none"> <li>Application filing: Landholder applies under Revenue Code through Nivesh Mitra / Board of Revenue, attaching self-declaration of landholders, land map signed by landholders, updated khatauni/khasra, circle-rate document, and other required revenue documents.</li> <li>Scrutiny &amp; site verification: Tehsildar/revenue inspector verify boundaries, existing use, encumbrances, irrigation works, and whether any statutory bars apply (e.g., ceiling, government or reserved land).</li> <li>Declaration: Sub-Divisional Officer/Sub-Divisional Magistrate then issues permission for change of land-use.</li> <li>Land revenue records are updated (mutation to nonagricultural category once the land has been used for such a purpose and the change has been certified).</li> </ol> <p>Land covered in master plan/development area:</p> <ol style="list-style-type: none"> <li>Application filing: If the parcel lies within a development-authority area (declared under Section 3 of the 1973 act), the owner/developer seeks planning permission/approvals consistent with the master plan / zonal development plan and pays land-use conversion charge under the 2014 rules.</li> <li>Technical examination: The development authority checks zoning conformity, access/road width, and infrastructure availability before issuing permission/ NOC for the proposed use..</li> <li>Assessment &amp; demand: Conversion charge is assessed per the 2014 rules (methodology tied to circle rate, land-use category, land size); demand notice is generated and paid online/off-line per authority instructions.</li> <li>Issue of permission / integration: After fee realization, the development authority issues the land-use conversion permission/endorsement and the case moves to layout/building-plan approval per the 1973 act and bye-laws.</li> </ol> <p>Process simplifications: 100% waiver of land-use conversion and development charges: Tourism projects<sup>112</sup></p> <p>Deemed permission: solar power plants<sup>113</sup></p> <p>No need for permission for plan areas after 2026 amendment: In areas where development permission/ layout-plan approval is given, permission for change of land-use is not required under the Revenue Code. No separate fee is charged under the Code.</p>	<ol style="list-style-type: none"> <li>Sub-Divisional Officer / Sub-Divisional Magistrate</li> <li>Tehsildar / revenue inspector</li> <li>Development Authority/ Industrial Development Authority / Regulated Area Authority / Special Area Development Authority / Uttar Pradesh Housing and Development Board</li> <li>Board of Revenue</li> <li>Urban Planning &amp; Housing Department</li> </ol>	<p>Land outside master-plan/ development area:</p> <ol style="list-style-type: none"> <li>Fee (on Nivesh Mitra):<sup>114</sup> 2% of circle rate</li> <li>No fee is required for residential purpose</li> </ol> <p>Land covered in master-plan/ development area:</p> <ol style="list-style-type: none"> <li>Conversion charge: assessed and levied by Development Authorities under the 2014 rules</li> <li>Development / city-development charges: levied by Development Authorities under the 1973 act</li> <li>Application fee: INR 1,000 per hectare</li> <li>Postconversion revenue assessment: Once nonagricultural use is declared under both processes, land revenue/assessment category changes.</li> </ol>	<ol style="list-style-type: none"> <li>Not putting the land to new use post declaration of land-use change within 5 years, declaration can lapse</li> <li>Use contrary to master plan/ permissions: fine up to INR 25,000 and INR 1,250 per day for continuing violation</li> </ol>

109. Sections 79–83, specifically section 80 which covers the procedure. Previously conversion of agricultural holdings for non-agricultural purposes was covered under Section 143 of the Uttar Pradesh Zamindari Abolition and Land Reforms Act, 1950 which was repealed by Uttar Pradesh Revenue Code, 2006. The Uttar Pradesh Revenue Code (Amendment) Ordinance, 2026 inserted provisos to section 80(8) that removed the need for such a permission if land use has been approved by development authorities.

110. Establishes development authorities and plan/zoning controls; land-use conversion charge and development-authority permissions flow under this act and its rules.

111. Prescribes assessment, levy, and collection methodology for land-use conversion charge within development-authority areas, [https://upload.indiacode.nic.in/showfile?actid=AC\\_UP\\_88\\_471\\_00001\\_00001\\_1561527908604&type=rule&filename=land\\_use\\_conversion\\_rules\\_2014.pdf](https://upload.indiacode.nic.in/showfile?actid=AC_UP_88_471_00001_00001_1561527908604&type=rule&filename=land_use_conversion_rules_2014.pdf).

112. Operational Guidelines for Tourism Policy, 2022, [https://www.nitiforstates.gov.in/public-assets/Policy/policy\\_files/GSSNAR000196.pdf](https://www.nitiforstates.gov.in/public-assets/Policy/policy_files/GSSNAR000196.pdf).

113. Uttar Pradesh Solar Energy Policy -2022, Government of Uttar Pradesh, [https://solar.upneda.in/wp-content/uploads/2022/12/Uttar\\_Pradesh\\_Solar\\_Energy\\_Policy2022\\_English\\_.pdf](https://solar.upneda.in/wp-content/uploads/2022/12/Uttar_Pradesh_Solar_Energy_Policy2022_English_.pdf).

114. Revenue - Change of Land Use, Revenue Court's Computerized Management System, [https://vaad.up.nic.in/pdf/land\\_conversion\\_proc.html](https://vaad.up.nic.in/pdf/land_conversion_proc.html).

## WEST BENGAL

Legal Framework	Process and Procedures <sup>115</sup>	Authorities Involved <sup>116</sup>	Cost of Conversion	Penalties
1. West Bengal Land Reforms Act, 1955	1. Application filing either online (BanglarBhumi portal) or off-line	1. Block Land & Land Reforms Office (BLLRO)	1. Application fee: flat INR 10 for any quantum	For unauthorized land-use change:
2. West Bengal Land Reforms Rules, 1965	2. Document submission	- Up to 0.045 hectares	2. Conversion fees (per decimal): <sup>117</sup>	1. Imprisonment up to 3 years (criminal penalty)
3. West Bengal Town and Country (Planning and Development) Act, 1979	- Record of rights, site maps, ownership affidavit - NOCs as applicable	- Initial application receipt - Field verification - Appeals to SDLLRO	Rural areas:	Or
	3. Initial scrutiny	2. Sub-Divisional Land & Land Reforms Office (SDLLRO)	- Agricultural land to other uses: INR 15 to INR 50	2. Fine: up to INR 50,000 <sup>118</sup>
	- Minimum 7 days' notice for field inquiry - Title verification - Encumbrance verification	- 11-99 decimals (0.045-0.40 hectares)	- Nonagricultural land to other uses: INR 10 to INR 150	3. Forfeiture
	4. Field inspection	- Medium-sized conversions - Appeals to DLLRO	Municipal Areas (non-Kolkata Metropolitan Development Authority):	
	- Block Land & Land Reforms Office conducts inquiry - Site measurement - Ground-use recording - Report preparation	3. District Land & Land Reforms Office (DLLRO)	- Agricultural land to other uses: INR 22 to INR 75	
	5. Interdepartmental clearances	- 1 acre and above (0.4047+ ha)	- Nonagricultural land to other uses: INR 15 to INR 225	
	6. Hearing & decision	4. Revenue-officer site inspection	Kolkata Metropolitan Development Authority Areas:	
	- Notice to all parties including bargadar - Opportunity to be heard - Written order with conditions (within 120 days of application filing; explanation to be given for any delay)	5. District magistrate/collector	- Agricultural land to other uses: INR 30 to INR 100	
	7. Payment & mutation	- Overall supervision - Appeal authority	- Nonagricultural land to other uses: INR 20 to INR 200	
	- Conversion-fee payment - Record mutation - Assessment update	6. Town Planning/Development Authority	3. Nonagricultural tax: Annual nonagricultural tax based on converted use	
	8. Compliance monitoring	- Urban-area zoning check - Development-plan compliance		
	- Use must commence per order - Periodic inspection	Clearances:		
		7. Gram panchayat/municipality		
		8. Irrigation department		

115. The West Bengal Land Reforms Rules, 1965, rules 5A and 5AA, <https://wbllroa.in/wp-content/uploads/2023/08/Rule-5A-and-5AA.pdf>.

116. The West Bengal Land Reforms Rules, 1965, rule 5A, <https://wbllroa.in/wp-content/uploads/2023/08/Rule-5A-and-5AA.pdf>; The West Bengal Land and Land Reforms Manual, [https://dillromsd.org/LAW\\_WEB/MANUAL/lrmanual.pdf](https://dillromsd.org/LAW_WEB/MANUAL/lrmanual.pdf).

117. Land Conversion in West Bengal, Banglarbhumi, <https://banglarbhumi.tips/land-conversion-application-status/>.

118. The West Bengal Land Reforms (Amendment) Act, 2000, section 5, [https://sarthac.gov.in/view-act-rule-file?file\\_id=139](https://sarthac.gov.in/view-act-rule-file?file_id=139).

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