



ఆంధ్రప్రదేశ్ రాజపత్రము

**THE ANDHRA PRADESH GAZETTE**

**PART IV-A EXTRAORDINARY**

**PUBLISHED BY AUTHORITY**

No. 21] AMARAVATI, THURSDAY, 25<sup>th</sup> SEPTEMBER, 2025.

**ANDHRA PRADESH BILLS**  
**ANDHRA PRADESH LEGISLATIVE ASSEMBLY**

The following Bill was introduced in the Andhra Pradesh Legislative Assembly on 25<sup>th</sup> September, 2025.

**L. A. Bill No. 21 of 2025**

**A BILL FURTHER TO AMEND THE ANDHRA PRADESH TOWN PLANNING ACT, 1920, THE ANDHRA PRADESH MUNICIPALITIES ACT, 1965, THE ANDHRA PRADESH CAPITAL REGION DEVELOPMENT AUTHORITY ACT, 2014 AND THE ANDHRA PRADESH METROPOLITAN REGION AND URBAN DEVELOPMENT AUTHORITIES ACT, 2016.**

Be it enacted by the Legislature of the State of Andhra Pradesh in the Seventy-sixth Year of the Republic of India as follows : -

1. (1) This Act may be called the Andhra Pradesh Municipal Laws (Amendment) Act, 2025. Short title, and commencement.

(2) It shall be deemed to have come into force from 3<sup>rd</sup> September, 2025.

2. In the Andhra Pradesh Town-Planning Act, 1920 (herein after referred to as the Principal Act),- Act No.VII of 1920.

(1) in section 2, after clause (2), the following clause shall be inserted, namely,- Amendment of Section 2.

“(2-A) “External Development Charges” means the charges collected for conversion of Agriculture land into Non Agriculture purpose, and which shall be used for laying of major trunk infrastructure such as roads, flyovers, regional parks, other city wise amenities, external facilities supporting the larger urban area etc.,”.

Amendment of  
Section 18A.

- (2) In the Principal Act, for section 18A, the following shall be substituted, namely,-

“18A (1) Subject to the provisions of this Act, the competent authority shall levy, development charges, **External Development Charges** at such rate as may be prescribed on the institution of use or change of use of land or building or development of any land building for which permission is required under this Act in the whole area or any part of the development area:

Provided that different rates of development charges may be prescribed for different parts of the development area and for different uses.

- (2) Notwithstanding anything contained in sub-section (1), no development charges shall be levied on the institution of use or change of use of land or building or development of any land or building vested in or under the control or possession of the Central or the State Government or of any local authority.
- (3) Subject to the provisions of the Act and rules made thereunder, the competent authority shall levy a charge, hereinafter called external development charges for conversion of Agriculture land into Non Agriculture purpose.
- (4) The above said external development charges mentioned in sub section (3) shall not applicable for following lands -
- (a) Lands owned by the State Government;
  - (b) Lands owned by a local authority and used for any communal purposes so long as the land is not used for commercial purposes;

- (c) Lands used for religious or charitable purposes;
- (d) Lands used by owner for household industries involving traditional occupation, not exceeding one acre;
- (e) Lands used for such other purposes as may be notified by the Government from time to time;
- (f) Lands used for Aquaculture, Dairy and Poultry;
- (g) Lands allotted to the Andhra Pradesh Industrial Infrastructure Corporation (APIIC).
- (h) Lands allotted to Andhra Pradesh Green Energy Corporation Ltd. (APGECL)."

3. In the Andhra Pradesh Municipalities Act, 1965, in section 184, sub-section (1) shall be omitted.

Amendment of  
Section 184.

Act No.6 of 1965.

4. In the Andhra Pradesh Capital Region Development Authority Act, 2014 (hereinafter referred to as the Principal Act),-

Act No. 11 of 2014.

Amendment of  
Section 2.

- (1) in Section 2, after clause (15), the following clause shall be inserted, namely,-

**“(15-A) “External Development Charges”** means the charges collected for conversion of Agriculture land into Non Agriculture purpose, and which shall be used for laying of major trunk infrastructure such as roads, flyovers, regional parks, other city wise amenities, external facilities supporting the larger urban area etc.,”.

- (2) In the Principal Act, in section 108, in sub section (1), for clause (b), the following shall be substituted, namely,-

Amendment of  
Section 108.

**“(b) Payment of the development charges, External Development Charges** and other fees and charges to the Authority to be levied under the Act.”.

- (3) In the Principal Act, in section 119, after sub-section (3), the following sub-sections shall be added, namely ,-

Amendment of  
Section 119.

- “(4) Subject to the provisions of the Act and rules made thereunder, the authority shall levy a charge, hereinafter called external development charges for conversion of Agriculture land into Non Agriculture purpose.

- (5) The external development charges mentioned in sub-section (4) shall not be applicable to the following lands -
- (a) Lands owned by the State Government;
  - (b) Lands owned by a local authority and used for any communal purposes so long as the land is not used for commercial purposes;
  - (c) Lands used for religious or charitable purposes;
  - (d) Lands used by owner for household industries involving traditional occupation, not exceeding one acre;
  - (e) Lands used for such other purposes as may be notified by the Government from time to time;
  - (f) Lands used for Aquaculture, Dairy and Poultry;
  - (g) Lands allotted to the Andhra Pradesh Industrial Infrastructure Corporation (APIIC);
  - (h) Lands allotted to Andhra Pradesh Green Energy Corporation Ltd. (APGECL)."

Act No.5 of 2016. **5.** In the Andhra Pradesh Metropolitan Region and Urban Development Authorities Act, 2016 (herein after referred to as the Principal Act),-

Amendment of section 2.

- (1) in Section 2, after clause (14), the following clause shall be inserted, namely,-

"(14A) **"External Development Charges"** means the charges collected for conversion of Agriculture land into Non Agriculture purpose, and which shall be used for laying of major trunk infrastructure such as roads, flyovers, regional parks, other city wise amenities, external facilities supporting the larger urban area etc."

Amendment of Section 82.

- (2) In the Principal Act, in Section 82, in sub section (1), for clause (b), the following shall be substituted, namely, -

"(b) Payment of the development charges, **External Development Charges** and other fees and charges to the Authority to be levied under the Act."

- (3) In the Principal Act, in section 100, after sub section (3), the following sub-sections shall be added, namely,-

Amendment of  
Section 100.

“(4) Subject to the provisions of the Act and rules made thereunder, the authority shall levy a charge, hereinafter called external development charges for conversion of Agriculture land into Non Agriculture purpose.

- (5) The external development charges mentioned in sub section (4) shall not applicable to the following lands, -

- (a) Lands owned by the State Government;
- (b) Lands owned by a local authority and used for any communal purposes so long as the land is not used for commercial purposes;
- (c) Lands used for religious or charitable purposes;
- (d) Lands used by owner for household industries involving traditional occupation, not exceeding one acre;
- (e) Lands used for such other purposes as may be notified by the Government from time to time;
- (f) Lands used for Aquaculture, Dairy and Poultry;
- (g) Lands allotted to the Andhra Pradesh Industrial Infrastructure Corporation (APIIC);
- (h) Lands allotted to Andhra Pradesh Green Energy Corporation Ltd. (APGECL).”.

6. (1) The Andhra Pradesh Municipal Laws (Amendment) Ordinance, 2025 is hereby repealed.

Repeal and  
savings.

- (2) Notwithstanding such repeal anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under this Act.

Ordinance  
No.6 of 2025.

## **STATEMENT OF OBJECTS AND REASONS**

The Andhra Pradesh Agricultural Land (Conversion for Non Agricultural Purposes) Act, 2006 (commonly known as the NALA Act) was introduced to regulate the conversion of agricultural lands into non-agricultural uses. Over time, however, the Act has become a source of procedural complexity, administrative delays, and duplication of responsibilities between departments, thereby hindering effective urban planning and Ease of Doing Business.

2. In view of these challenges, the Government of Andhra Pradesh proposes to repeal the NALA Act and integrate the conversion of land use into the domain of Urban Local Bodies (ULBs) and Urban Development Authorities (UDAs), in line with their constitutionally assigned roles under the 12<sup>th</sup> Schedule of the Indian Constitution. This move aims to simplify regulatory mechanisms, improve service delivery, enhance transparency, and reduce delays in approvals and clearances.

3. To facilitate a smooth transition, the repeal is accompanied by necessary amendments to the Andhra Pradesh Metropolitan Region and Urban Development Authorities Act, 2016; the Andhra Pradesh Capital Region Development Authority Act, 2014; the Andhra Pradesh Town Planning Act, 1920; and the Andhra Pradesh Municipalities Act, 1965.

4. These amendments provide legal backing for the introduction and collection of **External Development Charges (EDC)** in place of the NALA conversion charges. EDC will serve as a key financial instrument to fund public infrastructure and urban services, and will be collected by ULBs, UDAs, APCRDA, and VMRDA.

5. Exemptions from EDC will also be granted to lands owned by the State Government or local bodies used for public purposes, charitable and religious institutions, household industries (up to one acre), aquaculture, dairy, poultry activities, and lands allotted to APIIC and APGECL.

6. The annual NALA charge collections amount to Rs. 150 crores, with over Rs. 2,450 crores in arrears. The EDC mechanism is designed to compensate for this revenue while ensuring a sustainable funding model for urban infrastructure.

7. These reforms reflect a significant shift towards efficient, decentralized, and integrated urban governance, with a focus on improved land-use regulation, accountability, and infrastructure development.

8. As the Legislature of the State of Andhra Pradesh has not therein session, having been prorogued, and it has been decided to give effect to the above decision immediately, the Andhra Pradesh Municipal Laws (Amendment) Ordinance, 2025 [Ordinance No. 6 of 2025] was promulgated by the H.E. Governor on 1<sup>st</sup> September, 2025, which was published in Andhra Pradesh Gazette dated 3<sup>rd</sup> September, 2025.

The Bill seeks to replace the said Ordinance and to give effect to the above decision.

**PONGURU NARAYANA**

Minister for Municipal Administration &  
Urban Development

**MEMORANDUM REGARDING DELEGATED LEGISLATION**

Clause 2(2) of the Bill authorizes the Government to issue notifications in respect of the matters specified therein and generally to carry out the purposes of the Act.

All such notifications issued, which are intended to cover the matters mostly of procedural in nature are to be laid on the table of the both Houses of the State Legislature and will be subject to any modifications made by the Legislature.

The above provisions of the Bill regarding delegated legislation are thus of normal type and mainly intended to cover matters of procedure.

**PONGURU NARAYANA**

Minister for Municipal Administration &  
Urban Development



**MEMORANDUM UNDER RULE 95 OF THE RULES OF PROCEDURE  
AND CONDUCT OF BUSINESS IN THE ANDHRA PRADESH  
LEGISLATIVE ASSEMBLY.**

The Andhra Pradesh Municipal Laws (Amendment) Bill, 2025, after it is passed by the Legislature of the State may be submitted to the Governor for his assent under Article 200 of the Constitution of India.

**PONGURU NARAYANA**

Minister for Municipal Administration & Urban  
Development

**PRASANNA KUMAR SURYADEVARA**

Secretary-General to Legislature.