

## Model Tenancy Law

written by Kinjal Gala | October 1, 2020



There are various laws and regulations governing tenancy and relation between landlords and tenants in India. Matters which are not governed by the state acts are dealt with the Transfer of Property Act, 1882. In spite of several laws, there have always been differences and disputes between landlords and tenants. Codified legislation for rent matters is highly needed considering today's real estate market condition. In view of the same, the Center has enacted the Model Tenancy Law ("Act") with the intention to create transparency and efficiency and to establish standards terms and conditions to govern the relationship between the tenants and the landlords.

Model Tenancy Act 2019: All You Need to Know About Centre's New Tenancy Law  
Objects and Purpose of Model Tenancy Law

- To regulate the renting of premises in an efficient and transparent manner and to balance the interests of owners and tenant;
- To set up a speedy dispute redressal mechanism by establishing Rent Authority, Rent Courts and Rent Tribunal;
- The existing rent control laws are restricting the growth of the rental housing segment and discouraging the landowners from renting out their vacant premise., Model Tenancy law regulates the arrangement between the tenant and the landlord and thereby boost the rental market in the Real Estate sector;
- To promote an inclusive and sustainable ecosystem for various segments of society including migrants, formal and informal sector workers, professionals, students and urban poor for rental housing.

Applicability of the Model Tenancy Law

The Act is not applicable to premises owned or promoted by the Central or State or Union Territory Government or Local Authority or a government undertaking or enterprise or a statutory body or cantonment board; premises owned by a company, university or organization given on rent to its employees as part of service contract; premises owned by religious or charitable institutions as may be specified by notification; premises owned by any trust registered under the Public Trust Act of the State; premises owned by Wakfs registered under the Wakf Act, 1995; and other buildings specifically exempted in the public interest through notification.

Key Highlights on the Model Tenancy Law

- Definition of the term 'premises'-  
The Act defines premises to mean and include residential and commercial premises but excludes industrial premises.

- **Rent Authority-**

The Act makes it mandatory to rent premises only by way of a written agreement. Within two months of executing the rental agreement, both landlord and tenant are required to intimate the Rent Authority about the agreement. The Rent Authority will provide a Unique Identification Number to the parties and upload the details of the tenancy agreement on its website. The terms of the agreement will be binding on the successors of the parties and the tenancy agreement shall continue for the remaining period of the tenancy. Thus, the transactions between the parties will fall in the public domain enabling transparency and efficiency.

- **Security Deposit and Compensation:**

The Act caps the security deposit to a maximum of two month's rent in the case of residential property. In the case of non-residential property, the deposit cannot be less than one month's rent. If the tenant does not vacate the premises after the tenancy is terminated by the landlord by way of an order, notice or as per the rent agreement, the landlord shall be entitled to compensation of double the monthly rent for the first two months and four times the monthly rent thereafter. The landlord is however barred from cutting essential supplies like water and electricity to the tenanted premises.

- **Increase in Rent:**

The rent can be increased only by issuing notice to that effect by the landlord to the tenant. For any rent increment, the landlord must give a notice of three months. The landlord cannot hike the rent during the subsistence of a tenure. On receipt of such notice, a tenant has to reply in acceptance or non-acceptance. If no reply is given by the tenant, it is deemed that the tenant has accepted the increase in rent as proposed by the landlord.

- **Permission to Sublet:**

No tenants are permitted to sublet whole or part of the premises without the prior written consent of the landowner. When the consent of the landlord is obtained, the tenant shall provide all the details relating to sub-tenancy.

- **Right of successor:**

The terms of the agreement executed between a landlord and tenant will be binding upon their successors in the event of the death of the landowner or tenant. In such a case, their successors will have the same rights and obligations, as agreed in the tenancy agreement, for the remaining period of the tenancy.

#### Dispute Resolution Mechanism Under Model Tenancy Law

- The Act establishes Rent Courts and Rent Tribunals for speedy dispute redressal. Civil courts shall not entertain disputes between the landlord and the tenant. The jurisdiction of the Rent Court is limited to the tenancy agreement and does not extend to disputes on title and ownership of the tenanted premises.
- Rent Court or the Rent Tribunal has to decide disputes within 60 days.
- Applications filed by the landlord against the tenant for recovery of possession of the tenanted premises shall be decided within 90 days.
- An appeal from the final order passed by the Rent Court shall lie with the Rent Tribunal and is to be filed within 30 days.
- An order of the Rent Court or Rent Tribunal shall be executed as a decree of a Civil court.

- The Rent Court shall apply the provisions of applicable substantive laws like the Transfer of Property Act, 1882 and the Indian Contract Act, 1872. The Rent Court/Tribunal shall be guided by principles of natural justice and shall not be bound by the Code of Civil Procedure, except where it is specifically provided.

#### Conclusion

If the Act is enacted and executed in a proper matter, it will give great relief to the Real Estate sector. There are many vacant premises that are not given on a rental basis by landowners to avoid any legal complexity with the tenants. This Act legally supports the landlords to enter into rental contracts with the tenants. It covers all the aspects of a landlord-tenant relationship.

Thus, the vacant premises will be easily available in the market thereby boosting the Real Estate sector. As landlords will provide their vacant premises in the market, the tenants would have readily available options which will lead to reasonable monetary transactions between the landlord and the tenants. Further, provisions related to rent and security deposit will act as backbones of the rental transaction thereby leading to easy availability at affordable prices.

In today's time, it is seen that even when there are several laws regulating the landlord-tenant relation and rental agreements, people at large do not enter into written agreements and rely on rent receipts. There are instances where there are written agreements but are not adequately stamped and not registered. In spite of such irregularities, people are able to resort to applicable laws and avail the benefits thereunder. On implementation of Model Tenancy Laws, the above-mentioned irregularities will have no acceptance, and the landlord-tenant relation will be based on uniformity.

Contributed by - [Kinjal Gala](#)

[King Stubb & Kasiva,](#)

Advocates & Attorneys

[Click Here to Get in Touch](#)

[New Delhi](#) | [Mumbai](#) | [Bangalore](#) | [Chennai](#) | [Hyderabad](#) | [Kochi](#)

Tel: [+91 11 41032969](#) | Email: [info@ksandk.com](mailto:info@ksandk.com)

**DISCLAIMER:** The article is intended for general guidance purpose only and is not intended to constitute, and should not be taken as legal advice, The readers are advised to consult competent professionals in their own judgment before acting on the basis of any information provided hereby.