



## Model Tenancy Act

**For Prelims:** Model Tenancy Act

**For Mains:** Model Tenancy Act and its Significance

### Why in News?

According to Ministry of Housing and Urban Affairs (MoHUA), Model Tenancy Act has been rectified by only four states, i.e., Andhra Pradesh, Tamil Nadu, Uttar Pradesh, and Assam.

### What was the Need for Model Tenancy Act?

- The **existing rent control laws are restricting the growth of rental housing and discourage owners from renting out their vacant houses due to fear of repossession.**
- One of the potential measures to unlock the vacant house is to **bring transparency and accountability to the existing system of renting premises and to balance the interests of both the property owner and tenant in a judicious manner.**
  - As per Census 2011, more than 1 crore houses were lying vacant in urban areas.
- Earlier, almost a third of all Indians were living in urban areas, their proportion rising from 31.16% in 2011 to 27.82% in 2001. By 2050, more than half of India would be living in cities or towns, mainly due to migration.

### What is the Model Tenancy Act?

- **About:**
  - [The Model Tenancy Act, 2021](#) is to establish Rent Authority to regulate renting of premises and to protect the interests of landlords and tenants and to provide speedy adjudication mechanism for resolution of disputes and matters connected therewith or incidental thereto.
  - It aims at creating a **vibrant, sustainable, and inclusive rental housing market in the country.**
  - It will enable the creation of adequate rental housing stock for all income groups thereby addressing the issue of homelessness.
  - It will enable the institutionalization of rental housing by gradually shifting it toward the formal market.
- **Key Provisions:**
  - **Written Agreement is Mandatory:**
    - A **written agreement** is mandatory between the property owner and the tenant.
  - **Establishes Independent Authority and Rent Court:**
    - Establishes an independent authority in every state and UT for **registration of tenancy agreements** and even a separate court **to take up tenancy related disputes.**
  - **Maximum Limit for Security Deposit:**
    - Limit the **tenant's advance security deposit to a maximum of two months'**

**rent** for residential purposes and to a **maximum of six months** for **non-residential purposes**.

- **Describes Rights and Obligations of both Landlord and Tenant:**
  - The **landlord** will be responsible for activities like structural repairs except those necessitated by damage caused by the tenant, whitewashing of walls and painting of doors and windows, etc.
  - The **tenant** will be responsible for drain cleaning, switches and socket repairs, kitchen fixtures repairs, replacement of glass panels in windows, doors and maintenance of gardens and open spaces, among others.
- **24-hour Prior Notice by the Landlord:**
  - A landowner will have to give **24-hour prior notice before entering the rented premises** to carry out repairs or replacement.
- **Mechanism for Vacating the Premises:**
  - If a landlord has **fulfilled all the conditions stated** in the rent agreement - giving notice etc.- and the **tenant fails to vacate the premises** on the expiration of the period of tenancy or termination of tenancy, the landlord is **entitled to double the monthly rent for two months** and four times after that.
- **Significance:**
  - The authority will provide a **speedy mechanism in resolving disputes** and other related matters.
  - It will help overhaul the legal framework with respect to rental housing across the country.
  - It is expected to give a fillip to private participation in rental housing as a business model for addressing the huge housing shortage.
- **Challenge:**
  - The Act is not binding on the states as land and urban development remain state subjects.

[Source: TH](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/model-tenancy-act-2>

