



Model Tenancy Act

Why in News

The Union Cabinet has approved the **Model Tenancy Act** to be sent to the States and Union Territories to **enact legislation or amend laws on rental properties**.

- The **draft Act** had been published by the **Ministry of Housing and Urban Affairs** in 2019.

// WHAT CHANGES

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| ▪ Verbal rent agreements are illegal | ▪ Jurisdiction of civil courts barred |
| ▪ Security deposit capped at up to 2 month's rent for residential | ▪ Redressal within 60 days |
| ▪ For non-residential premises, it is maximum 6 months | ▪ No eviction of tenant during tenancy period |
| | ▪ In force majeure, tenant allowed to stay for a month |

Key Points

- **Some Provisions:**
 - **Written Agreement is Mandatory:**
 - Mandatory for there to be a **written agreement** 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.

- **Coverage:**

- It will **apply** to premises let out for **residential, commercial or educational use**, but **not for industrial use**.
- It **also won't cover** hotels, lodging houses, inns, etc.
- It will be applied prospectively and **will not affect existing tenancies**.

- **Need:**

- As per **Census 2011**, nearly **1.1 crore houses** were lying vacant in the country and making these houses available on rent will complement the vision of **'Housing for All' by 2022**.

- **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 will enable creation of **adequate rental housing stock** for all the income groups thereby addressing the **issue of homelessness**.
- It will enable **institutionalisation of rental housing** by gradually shifting it towards the formal market.
- It is expected to give a **fillip to private participation in rental housing** as a business model for addressing the huge housing shortage.

- **Challenges:**

- The Act is **not binding on the states as land and urban development remain state subjects**.
- Like in the case with **RERA** (Real Estate (Regulation and Development Act), the fear is that states may choose not to follow guidelines, diluting the essence of the Model Act.

Source: PIB

PDF Reference URL: <https://www.drishtias.com/printpdf/model-tenancy-act-1>