



# THE MODEL TENANCY ACT, 2021

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# DEFINITIONS

TERM	RENT CONTROL ACT, 1999	MODEL TENANCY ACT, 2021
Landlord	<ul style="list-style-type: none"> <li>• Person receiving, or entitled to receive, rent - on his own account or for the benefit of other person, trustee, guardian, or receiver.</li> <li>• Person not being a tenant deriving title under a landlord,</li> <li>• The tenant for his subtenant;</li> <li>• The licensor.</li> </ul>	<p>Any landowner or lessor and shall include:</p> <ol style="list-style-type: none"> <li>His successor in interest</li> <li>A trustee, guardian or receiver of rent on behalf of minor or person of unsound mind.</li> </ol>
Premises	<p>Any building or part of a building let or given on license separately (other than a farm building) including,-</p> <ol style="list-style-type: none"> <li>the gardens, grounds, garages and out-houses, if any, appurtenant to such building or part of a building,</li> <li>any fittings affixed to such building or part of a building for the more beneficial enjoyment thereof,</li> </ol> <p>but does not include a room or other accommodation in a hotel or lodging.</p>	<p>Any building or part of building which is let on rent for residential or commercial use</p> <ul style="list-style-type: none"> <li>• Except for hotel, lodging house, dharmashala, inn and for industrial use;</li> <li>• But includes: <ol style="list-style-type: none"> <li>Garden, garage or closed parking area, vacant land, grounds and out-houses</li> <li>And fitting to such building for the more beneficial enjoyment thereof.</li> </ol> </li> </ul>
Tenant	<ol style="list-style-type: none"> <li>tenant, or</li> <li>deemed tenant, or</li> <li>sub-tenant as permitted under a contract or by the permission or consent of the landlord, or</li> <li>who has derived title under a tenant, or</li> <li>to whom interest in premises has been assigned or transferred as permitted, by virtue of, or under the provisions of, any of the repealed Acts;</li> <li>In case of tenants death, (a) family member residing with the tenant, or (b) in case of education, business, trade or storage, person carrying on business with the tenant is using the premises (c) in the absence of (a) and (b), the heir decided by the court.</li> </ol>	<p>Lessee or on whose account, the rent is payable under a tenancy agreement and includes:</p> <ul style="list-style-type: none"> <li>• sub-tenant</li> <li>• person continuing in possession after termination of tenancy</li> </ul> <p>But shall not include any person against whom any order or decree for eviction has been made.</p>

# EXCLUSIONS

## RENT CONTROL ACT, 1999

- (1) This Act shall not apply ---
- (a) to any premises belonging to the Government or a local authority or against the Government to any tenancy or licence but it shall apply in respect of premises let, or given on licence, to the Government or a local authority or taken on behalf of the Government on such basis by, or in the name its officer;
  - (b) to any premises let or sub-let to banks, or any Public Sector Undertakings or any Corporation established by or under any Central or State Act, or foreign missions, international agencies, multinational companies, and private limited companies and public limited companies having a paid up share capital of more than rupee one crore or more.
- (2) The State Government may direct that all or any of the provisions of this Act shall, subject to such conditions and terms as it may specify, not apply-
- (i) to premises used for public purposes of a charitable nature;
  - (ii) to premises held by a public trust for a religious or charitable purpose and let at a nominal or concessional rent;
  - (iii) to premises held by a public trust for a religious or charitable purpose and administered by a local authority; or
  - (iv) to premises belonging to or vested in an university.

Provided that, before issuing any direction under this sub-section, the State Government shall ensure that the tenancy rights of the existing tenants are not adversely affected.

## MODEL TENANCY ACT, 2021

1. Nothing in this Act shall apply to any—
- (a) premises owned or promoted by the Central Government or State Government or Union territory Administration or local authority or a Government undertaking or enterprise or a statutory body or Cantonment Board;
  - (b) premises owned by a company, University or organisation given on rent to its employees as part of service contract;
  - (c) premises owned by religious or charitable institutions as may be specified, by notification by the State Government/Union territory Administration;
  - (d) premises owned by auqaf registered under the Waqf Act, 1995 or by any trust registered under the public trust law of the State/Union territory for the time being in force;
  - (e) other building or category of buildings specifically exempted in public interest by notification by the State Government/Union territory Administration.
2. Notwithstanding anything contained in sub-section (1), if the owner and tenant of the premises referred to above agrees that the tenancy agreement entered into between such landlord and tenant be regulated under the provisions of this Act, such landlord may inform the Rent Authority of the agreement to do so at the time of information of the tenancy agreement under section 4.

# HIGHLIGHTS OF THE ACT

## TENANCY AGREEMENT:

- ✓ A written agreement must be signed between the landlord and the tenant. The same must specify:
  - i. The rent payable
  - ii. Time period
  - iii. Terms for revision of rent
  - iv. Security deposit
  - v. Causes for entry of landlord
  - vi. Responsibilities to maintain premises.
- ✓ Applicable to residential and commercial premises.

## SECURITY DEPOSIT:

- ✓ It may not exceed:
  - i. 2 months rent for residential premises
  - ii. 6 months rent for non-residential premises
- ✓ To be refunded at the time of taking over vacant possession from the tenant, after due deductions.

## TENANCY PERIOD:

- ✓ Tenant to pay enhanced rent if:
  - ✓ A tenancy period has ended and has not been renewed
  - ✓ Tenant fails to vacate the premises at the end of tenancy:
    - i. Liable to pay twice the monthly rent for first 2 months
    - ii. 4 times the monthly rent subsequently.

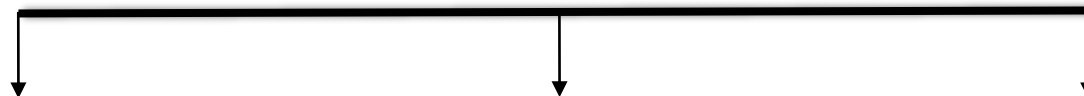
## EVICITION:

- ✓ Landlord to make an application before the Rent Authority.
- ✓ Authority may pass an order for eviction on the following grounds:
  - i. Refusal to pay the agreed rent
  - ii. Failure to pay rent for more than 2 months
  - iii. Parting of possession without consent of landlord
  - iv. Misuse of premises
  - v. Structural changes without consent
- ✓ Tenant cannot reoccupy the premises.

## SUB-LETTING

- ✓ Prohibited unless allowed through a supplementary agreement.
- ✓ Landlord and tenant to jointly inform the Rent Authority within 2 months from execution of such agreement.

# DISPUTE ADJUDICATION MECHANISM UNDER MODEL TENANCY ACT, 2021



## RENT AUTHORITY

(headed by the Deputy Collector)

- ✓ Put up a digital platform to enable submission of tenancy related documents
- ✓ Provide a unique identification number to the parties to the tenancy agreement, and upload details of the agreement
- ✓ Resolve disputes with regard to revision of rent, and determine revised rates
- ✓ Accept rent for up to two months when rent is not accepted by landlord, or if the tenant cannot decide whom the rent is payable to
- ✓ Remove or penalize property manager if he acts in contravention of the Act or against the instructions of the landlord
- ✓ Pass interim orders to restore supply of essential services and award compensation

## RENT COURT

(headed by the Additional Collector or Additional District Magistrate)

- ✓ Adjudicate appeals against the Rent Authority's orders
- ✓ Order for eviction and recovery of possession of premises

## RENT TRIBUNAL

(headed by the District Judge or Additional District Judge)

- ✓ Adjudicate appeals against the Rent Court's orders

## UNDER RENT CONTROL ACT, 1999:

Jurisdiction of courts:

- (a) in Brihan Mumbai, the Court of Small Causes, Mumbai,
- (b) in any area for which a Court of Small Causes is established under the Provincial Small Causes Courts Act, 1887, such court, and
- (c) elsewhere, the court of the Civil Judge (Junior Division) having jurisdiction in the area in which the premises are situate or, if there is no such Civil Judge, the court of the Civil Judge (Senior Division) having ordinary jurisdiction,

shall have jurisdiction to entertain and try any suit or proceeding between a landlord and a tenant relating to the recovery of rent or possession of any premises and to decide any application made under this Act.

# CONCEPTUAL DIFFERENTIATION

TOPIC	RENT CONTROL ACT, 1999	MODEL TENANCY ACT, 2021
Increase in rent	<ul style="list-style-type: none"> <li>The landlord's right to raise at the rate of 4% per annum.</li> <li>increase the rent @ 15% per annum for developments, modifications, and alterations if 70% of the tenants give written consent.</li> <li>The additional 25% per annum rise in rent is for particular structural maintenance and repairs specifically carried out under the MHADA Act.</li> </ul>	(1) The revision in accordance with the terms of the tenancy agreement.
Transfer of tenancy	<ul style="list-style-type: none"> <li>A tenant is legally eligible to take a sum of consideration of waiver or transfer of his/her tenancy.</li> <li>Similarly, it is lawful for a landlord to take money for the grant or renewal of a lease of the premises, or to give his/her permission to transfer the lease to any other person, under Section 56(ii).</li> </ul>	(1) Permitted only by entering into supplementary agreement - <ol style="list-style-type: none"> <li>sub-let whole or part of the premises held by him as a tenant;</li> <li>transfer or assign his rights in the tenancy agreement or any part thereof.</li> </ol> (2) Joint responsibility to inform the Rent Authority about the sub-tenancy within a period of two months.
Exclusions	Limits scope to cover companies below share capital of Rs. 1 crore.	Scope is widened. Hence, any company irrespective of its share capital, can become a tenant.

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Pagdi System	<ul style="list-style-type: none"> <li>Legalized as the consideration paid to the landlord in the form of rent, premium, or consideration.</li> </ul>	No provision made.
Force Majeure	No provision made.	<ul style="list-style-type: none"> <li>Where the premises let out on rent becomes uninhabitable for the tenant due to an event of force majeure, the landlord shall not charge rent from the tenant until the said premises is restored by the landlord.</li> <li>Provided that where the rented premises becomes and the landlord fails to carry out the required repairs to make it inhabitable or the said premises could not be made inhabitable, then, the security deposit and advance rent shall be refunded by the landlord to the tenant within a period of fifteen days of the expiry of the notice period, after making due deduction of liability of the tenant, if any.</li> </ul> <p>Explanation.— For the purposes of this section, “force majeure” means a situation of war, flood, drought, fire, cyclone, earthquake or any other calamity caused by nature affecting the habitation of the tenant in the premises let out on rent.</p>



# CHALLENGES

1. Model Tenancy Act stipulates the quantum of security deposit for residential and commercial premises instead of leaving the terms of contract between the parties.
2. No provision for co-owner to accept the rent for other co-owner. This will result in litigations and benefit to tenants if one of the co-owner accepts the rent and other disputes. (Defn. Landlord)
3. No clarity on succeeding the tenancy on demise of tenant. The Model Tenancy Act suggests Tenancy Agreement, hence, succession on the demise can be restricted.(Defn. Tenant)
4. Eviction in case of bona fide requirement only by the legal heirs of deceased landlord. (S. 22 (2) – Model Tenancy Act)
5. Exorbitant penalty in case of failure by tenant to handover possession on the termination of tenancy (S. 23 – Model Tenancy Act)

# Thank you



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