

S&A PARTNERS

Advocates

UK Office: Pritam Castle, Near Clock Tower, Dehradun;

Delhi NCR Office: D 146, LGF, Defence Colony, New Delhi

Email: advocate.sna@gmail.com Mob: (0)9560028080; (0)7838587499;

The Model Tenancy Act - 2021

The Model Tenancy Act, 2021 was approved by the Union Cabinet on June 2, 2021. The Ministry of Housing and Urban Affairs had released the last draft Model Tenancy Act in October 2020.

Highlights of the Bill

- The Model Act requires the landlord and tenant to sign a written agreement which specifies the rent, period of tenancy and other related terms. **Security deposit is capped at two month's rent for residential premises and six month's rent for non-residential premises.**
- Conditions for eviction of tenant under the Model Act include: (i) refusal to pay agreed upon rent; (ii) failure to pay rent **for more than two months**; (iii) occupation of part or whole of premises without written consent; and (iv) misuse of premises despite a written notice.
- The Model Act established a three-tier quasi-judicial dispute adjudication mechanism consisting of: (i) Rent Authority; (ii) Rent Court; and (iii) Rent Tribunal. **No civil court will have jurisdiction over matters pertaining to provisions under the Model Act.**
- Rent Authorities and Rent Courts may be established by the District Collector with the approval of the state government. The state or union territory government may establish a Rent Tribunal after consulting with the jurisdictional High Court.

The Draft Model Act seeks to balance the tenant-landlord relationship. The 2021 Model Act seeks to provide for rights and duties of both parties, mandate the use of registered agreements and give statutory backing to some provisions. It also provides details of: (i) when a tenant may be evicted by a landlord, (ii) heirship in case of death of a landlord, and (iii) legal remedies available with both the tenant and the landlord in case either one violates the agreement.

However, note that the Model Act is only a suggestive framework for states to follow while regulating rental housing and agreements. Since housing is a part of the State List under the Seventh Schedule of the Indian Constitution, the efficacy of the Model Act depends on its adoption by states.

Our Views

The Model Tenancy Act, 2021 is a good move and would certainly act like a catalyst in the long drawn litigations between Landlords and Tenants. The Act also promises to stabilize the rights and duties of both – The Landlords and Tenants.

For any further queries/ clarifications – feel free to get in touch.