Draft Model Tenancy Act, 2019

Why in News?

Last week, the draft Model Tenancy Act of 2019 was released. It aims to regulate rental housing by a market-oriented approach.

What is the need?

- As per the Census 2011, a count of 1.1 crore houses are lying vacant.
- The Model Act would bring these houses into the rental market and would promote the growth of the sector.
- The **existing rent control laws discourage owners** from renting out their vacant houses due to fear of repossession.
- When Housing for All by 2022 Mission was rolled out in 2015, it promoted only ownership housing — with no mention of rental stock.

How can the vacant houses be brought underrenting?

- By bringing **transparency and accountability** in the existing system of renting of premises.
- By**balancing the interests** of both the property owner and tenant in a judicious manner.

What are the provisions of the draft act?

- It stipulates a robust **grievance redressal mechanism** comprising of Rent Authority, Rent Court and Rent Tribunal.
- It proposes to **cap the security deposit** equal to a,
    1. Maximum of two month's rent in case of residential properties and,
    2. Minimum of one month's rent in case of non-residential property.
- No person shall let or take on rent any premises except by an agreement in writing.
- **Applicability –** Forwhole of the State i.e. urban and rural areas.
- **Within 2 months** of executing rental agreement, both landowner and tenants are required to intimate to the Rent Authority about the agreement.
- **Within 7 days** after the intimation, a unique identification number will be issued by the Rent Authority to the both the parties.
- A digital platform will be set up in the **local vernacular language** of the State for submitting tenancy agreement and other documents.

- It states to promote the **creation of a rental housing stock for various income segments** (i.e. migrants,students, professionals, formal and informal sector workers) mainly through private participation.

What are the Tenant and landlord rights?

- The Model Act sets a**cap onsecurity deposit** to be paid by the tenant which protects them from heavy charges by the owner.
- It lists the kinds of **repairs each party would be responsible for**, with the proviso that money for repairs can be deducted from the security deposit or rent, if a party refuses to carry out their share of the work.
- **Rent Court** can allow repossession of the property by the landlord if the tenant misuses the premises, after being served a notice by the landowner.
- **Misuse of the premises –** Includespublic nuisance, damage, or its use for immoral or illegal purposes.
- If the tenant refuses to vacate, the landlord can claim double the monthly rent for two months, and four times the monthly rent thereafter.

What will happen to the existing Acts?

- The Model Act states that all state rent control Acts **stand repealed**.
- The land and urban development are state subjects, so the central Model Act is **not binding on the states**.
- The states and Union Territories will **choose to repeal or amend** their existing Acts.
- The Model Act would be applicable only to fresh tenancies and will **not affect the existing tenancies**.

Source: The Indian Express, PIB.

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