

MODEL TENANCY ACT

Prelims: Governance- Policies and Schemes

Mains: GS-II- Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

Why in News?

- ✚ The Ministry of Housing and Urban Affairs has drafted a 'Model Tenancy Act', 2019 which envisages to balance the interest and rights of both the owner and tenant and to create an accountable and transparent ecosystem for renting the premises in disciplined and efficient manner.

Model Tenancy Act:

- ✚ Act will enable creation of adequate rental housing stock for various income segments of society including migrants, formal and informal sector workers, professionals, students etc. and increase access to quality rented accommodation, enable gradual formalization of rental housing market.
- ✚ It will help overhaul the legal framework vis-à-vis rental housing across the country. It is also expected to give a fillip to private participation in rental housing for addressing the huge housing shortage across the country.
- ✚ The Draft MTA will also promote growth of rental housing and investment in the sector and promote entrepreneurial opportunities and innovative mechanism of sharing of space. This MTA will be applicable prospectively and will not affect the existing tenancies.

Features of Draft Model Tenancy Act:

- ✚ MTA stipulates a robust grievance redressal mechanism comprising of Rent Authority, Rent Court and Rent Tribunal.
- ✚ It has been proposed to cap the security deposit equal to a maximum of two month's rent in case of residential properties and, minimum of one month's rent in case of non-residential property.
- ✚ After coming into force of this Act, no person shall let or take on rent any premises except by an agreement in writing.

- ✚ The Model Act provides for its applicability for the whole of the State i.e. urban as well as rural areas in the State.
- ✚ Within two months of executing rental agreement both landowner and tenant are required to intimate to the Rent Authority about the agreement and within seven days 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.
- ✚ A copy of the draft Act has also been shared with the States/UTs for seeking their views/comments.
- ✚ Once finalized the Model Act will be shared with the States/Union Territory (UTs) for adoption.

Significance:

- ✚ 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.
- ✚ The existing rent control laws are restricting the growth of rental housing and discourage the owners from renting out their vacant houses due to fear of repossession.
- ✚ One of the potential measures to unlock the vacant house is to bringing transparency and accountability in the existing system of renting of premises and to balance the interests of both the property owner and tenant in a judicious manner.

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