

2. Issue of Rent Control During COVID-19

Prelims Syllabus: Governance

Mains Syllabus: GS-II Government Policies and Interventions for Development in Various Sectors and Issues Arising out of their Design and Implementation.

Why in News?

- With the social and economic impacts of the current pandemic and associated lockdown, there is a clarion call made to landlords by tenants to ‘forgive’ rent for a month or two.

Highlights:

- Government, civil society, academia, and migrants themselves are already urging landlords to stop evictions as it would exacerbate the pandemic.
- Governments are Currently ‘Ordering’ or Requesting Landlords to excuse rent and stop Evictions on the Basis of the Disaster Management (DM) Act of 2005.

Problems related to India’s Rent Arrangements:

- **Informality in the Rental Housing Market:**
 - ✓ The vast majority of rent arrangements in India are informal and unrecorded.
 - ✓ Due to this it is uncertain how many people are giving out their houses on rent, for how much, how long, or under what terms and conditions.

Loopholes in Existing Legislations:

- Typical rent control laws have historically favoured tenants, considering the landlords as petty capitalists exploiting poor, vulnerable tenants.
- Consumption data for poor households in urban areas indicate a uniform lack of savings or access to social and economic safety nets for both landlords and tenants.
- That means many times landlords themselves, by and large, cannot afford a no-rent month.
- **Disaster Management** (DM) Act of 2005 does not have any provisions for demanding continuation of rental housing arrangements.
- There is no legal obligation for landlords to excuse rent or not evict tenants in the current pandemic.

Way Ahead:

- **Removing Hurdles in Existing Laws:**
 - ✓ The focus has to shift away from the DM Act to rent control acts that actually aim to regulate rental housing.

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- ✓ Here some medium to long-term thinking on rent control laws in States, as well as the Central government's Model Tenancy Act, 2019, could be utilised.

Need of Specific Provisions During Emergencies in Rent Law:

- Model Tenancy Act, Need a Force Majeure clause for Emergencies such as the Pandemic.
- In such times there is a strong case for passing an order to prevent evictions.
- When passed under a rent law, for registered tenancies, it will carry a far Stronger Legal sanction than under a Disaster Law.

Formalisation of the Field:

- There is a need for making rent Act applicable across more and more tenancies. This means that all tenancies, including those informal in nature, must get registered under the Act.

Help in Collection of Tenancy Related Data:

- By formalisation we will know who actually the landlords and tenants are, and where these Houses are.
- The advantage of having registered tenancies would then be evident because the government would be able to channel funds directly into the accounts of landlords and Tenants.
- Proposed MTA emphasises on the registration of rent agreements through to-be established rent authorities in every State.
- All States need to pursue it. Tamil Nadu has already launched such an authority that manages a portal for simplified registration.

Mobilisation of Housing, Welfare and Disaster Funds:

- We still need to consider that landlords may not be able to afford a rent-free month they need the rent for their own survival.
- These kinds of funds can make up for this loss of Rent. These types of funds could also be crowd-sourced, acquired from corporate social interests, and grants from international and national donor organisations.