

**Rent Control Laws in India**  
*A Critical Analysis*

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## Executive Summary

The paper aims to answer two questions:

1. What is the current status of rent control laws in India and what are their main provisions when compared with each other and to the Model Rent Control Law;
2. What have been the experiences with rent deregulation all over the world and what lessons India can glean from these experiences.

The first question has been answered by tabulating the provisions of various state rent control laws in 7 tables. The tables focus on the following aspects:

1. Basic Details (Name of Act, year of enactment and previous acts, if any)
2. Application (Cities, districts, municipalities and types of constructions)
3. Exemptions (On the basis of rent, income of tenant, ownership and date of construction)
4. Rights and Duties of Landlords (Notice of vacancy, temporary and permanent eviction rights)
5. Fair Rent Provisions (Procedure, basis of determination and revision and other charges)
6. Rights of Tenants (Right to receipt, right to deposit rent)
7. Current Developments

These tables (save the last) have also been converted into a dataset, which breaks down the laws in to their various provisions, and would facilitate further research on this subject. The second question has been answered after studying numerous international case studies conducted by various authors. An exhaustive introduction to the conceptual and legal framework of rent controls has also been provided in the beginning of the paper.

The main result that seems to have come out of the paper is that most of the states' Rent Control Acts are poorly written and executed. Despite the circulation of a Model Rent Bill by the central government to all states in 1992, little has been done to reform the archaic Rent Control Acts.

All over the world, several experiments have been done with rent deregulation. Some of them were successful, while others were not. Thus, the theoretical consensus on the harms of rent control hasn't translated into uniform and universal success of deregulation measures. There are other factors too like urban infrastructure, rural-urban migration, regulation of land use and size of land holdings, etc., which go a long way in determining the structure of rental housing markets anywhere in the world.

Thus, instead of vouching for complete deregulation of rents, India needs to reform its rent control laws first and bring them up to respectable standards. Subsequently, the country needs to take a fresh look on its stance on deregulation and take measures based on solid empirical research and evidence, rather than following blindly the path taken by a few countries where deregulation has worked.

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## Introduction: What is rent control?

The practice of imposing a legal maximum (rent ceiling) upon the rent in a particular housing market, below the equilibrium rent is called rent control. If this maximum is above that market's equilibrium rent (different rental housing markets may have different equilibrium rents), then the control is null and void. But if the rent is set at a level below the equilibrium rent, it will necessarily lead to a situation of excess demand or shortage. In a free market, prices (here, rents) would rise automatically filling the gap between the demand and the supply. But rent controls prevent prices from rising up to the equilibrium level and thus, alternative rationing mechanisms such as black and uncontrolled markets evolve.

A raging debate has been going on over the years over the pros and cons of rent control. While the proponents of rent control laws suggest that they prevent landlords from charging exorbitant rents and evicting tenants at will, the opponents suggest that rent control laws, by distorting incentives, lead to deterioration of existing housing stock, increased pullout of apartments from the rental housing market and thus reduced overall supply.

Murphy's law of Economic Policy states that "Economists have the least influence on policy where they know the most and are most agreed; they have the most influence on policy where they know the least and disagree most vehemently".<sup>1</sup> While most economists agree that rent controls are bad<sup>2</sup>, nothing of note has been done towards deregulating rents, especially in India. Also, the sheer diversity of rent control laws existing in various states and countries, coupled with phenomenal economic diversity makes it very difficult to generalize the argument across borders, and thus makes the task of policy makers that much more difficult.

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<sup>1</sup> A Rent Affair, Paul Krugman, The Unofficial Paul Krugman Web Page, <http://www.pkarchive.org/column/6700.html>

<sup>2</sup> In a late-seventies poll of 211 economists published in the May 1979 issue of *American Economic Review*, slightly more than 98 percent of U.S. respondents agreed that "a ceiling on rents reduces the quantity and quality of housing available". Rent Control, Walter Block, The Concise Encyclopedia of Economics, <http://www.econlib.org/library/Enc/RentControl.html#box%201>

A 1986 U.N. study estimated that about 42 percent of the world's urban dwellers were renters. It was not known how many of those 150 million households lived under rent control regimes, but preliminary research suggested that the proportion is as high as 30 percent.<sup>3</sup> These numbers can reasonably be expected to have increased with the passage of time. Thus, it necessitates to see why rent control laws came into being and why it has been persisting for such a long time. This paper gains motivation from such curiosity and envisage a change to improve its impact.

## How did it originate?

Rent controls were introduced in the early 1900s in the United States and some other parts of the world to check uninhibited rent increases and tenant eviction during wartime housing emergencies. After World War II, there was a sudden increase in the demand for rentable housing from soldiers returning home. With industrialization and corresponding urbanization, there was an increase in rural-urban migrations. To prevent rents from rising too much owing to this spurt in demand, Rent Control Acts (RCAs), under various names were introduced in many countries. These were called the first-generation rent controls. Those introduced later were called the second-generation rent controls or soft rent controls, because they provided for some leeway in rent increases and tenant landlord relationship.

The first rent control legislation in India was introduced immediately after the First World War in Bombay in 1918. It was followed by similar legislations for Calcutta and Rangoon in 1920. By the end of the Second World War almost all the major cities and towns in the countries were covered by rent control measures. All these acts, born out of the inflationary aftermath of the First World War, were conceived as purely temporary measures to provide relief to the tenants against the demand of exorbitant rent and indiscriminate eviction by the landlords due to scarcity of houses in the urban areas. As in

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<sup>3</sup> Malpezzi and Rydell 1986, 6

other parts of the globe, the rent control laws applicable in various states in India are different with respect to various aspects and thus, a holistic analysis, though attempted here, is difficult.

## The Delhi Rent Control Act: Historical Background

The first rent control measure in Delhi came after the outbreak of the Second World War in 1939, under the Defense of India Rules. This was restricted to New Delhi and the Notified Area, Civil Station. In 1942, the provisions of the Punjab Urban Rent Restriction Act, 1941 were made applicable to the remaining areas of Delhi. It was soon realized that the provision of the Punjab Act were insufficient for a city like Delhi and thus, it was supplemented by another Order under the Defense of India Rules in 1944. After the war, another comprehensive legislation was passed for all parts of Delhi by the name of The Delhi and Ajmer Marwara Rent Control Act, 1947. In 1952, it was repealed by The Delhi and Ajmer Rent Control Act, which substituted it and ceased the application of rent Acts of other states to certain parts of Delhi.

Another attempt was made in 1958 to plug certain loopholes of the 1952 act. In the same year, the Slum Areas (Improvement and Clearance) Act was passed which sought to protect the interest of the slum dwellers. The next comprehensive enactment on rent control in Delhi was passed in 1958 and came into force on February 9, 1959. This is the current legislation of rent control in Delhi and it extends to the areas included within the New Delhi Municipal Committee and the Delhi Cantonment Board, together with the urban areas of the Municipal Corporation of the Urban Areas in Delhi.

## The Legal Aspects of Rent Control

Under the Indian Constitution, housing (provision of) is a state subject. Thus, the enactment and enforcement of rent control laws is the responsibility of the individual states. While this is in accordance with the federal nature of the Indian Republic, it makes a comparative analysis of the rent control laws that much more difficult. The common



thread running through almost all rent control Acts and legislations is that they are intended to serve two **purposes**:

1. To protect the tenant from eviction from the house where he is living except for defined reasons and on defined conditions; and
2. To protect him from having to pay more than a fair/standard rent.

But most acts also confer upon the landlord the **right to evict a tenant** who is guilty of certain specified acts and also when the landlord requires the house for his own personal occupation. There are various grounds under which a landlord can evict a tenant. The most common of these are listed below. There are also some states, where one or more of the provisions given below don't apply. (Refer to Annexure 4, column 5)

1. Breach of condition of tenancy
2. Subletting
3. Default in payment of rent for specified period
4. Requirement of building for own occupation
5. Material deterioration in the condition of the building

The landlord is required to specify the exact provision of the relevant act under which he is seeking the eviction of the tenant, to enable the tenant to take any remedial action provided in the act. The whole idea of a rent control act is to control and regulate eviction of tenants and not to stop it altogether.

**Exemptions** have been granted to various sections of the Rental Housing Market (henceforth, also referred to as RHM) under many of the Rent Control Acts (henceforth, also referred to as RCAs):

- Properties belonging to the government
- Any tenancy created by a grant from the Government in respect of the premises taken on lease or requisitioned, by the Government

- Newly constructed properties for a period of ten years (in Delhi) from the date of construction. This period may vary from state to state.
- Any premises, residential or other, whose monthly rent exceeds three thousand and five hundred rupees (in Delhi). The amount may vary from state to state.

One bone of contention over the years has been the feature of most Rent Control Acts to grant **exemptions to the properties owned by the government**. While some say that this is a discriminatory practice, their argument is dismissed by the assertion that the government is not expected to raise rents or eject tenants in the pursuit of higher revenues. Thus tenants of government owned properties are in no need of protection.

## Arguments against Rent Control

The arguments for rent deregulation and the reasons for its repeal or non-existence are divided into three parts – economic, social and legal.

### Economic Arguments

1. Fixation of standard/ fair rent (Worked out on the basis of the value of land and cost of construction when built, as per the provisions of the Rent Control Act) as a percentage of the cost of construction is a **major disincentive for those wanting to invest in rental housing** as it gives a very low rate of return as compared to other assets. This presents a gloomy picture of the future supply in the rental housing markets. The permission to increase rents by some percent after every three or four years, granted by most of the RCAs is also redundant as the rate of increase of market rents is much larger.
2. The low rate of return also leads to **rapid deterioration of existing housing stock**, as landlords have no incentive to invest any funds in the upkeep of their apartments. This is detrimental to the long-term interests of the tenants. E.g. A study by the Rand Corporation of Los Angeles' rent control law found that 63 percent of the benefit to consumers of lowered rents was offset by a loss in available housing due to deterioration and other forms of disinvestments.

3. It's difficult to evict a tenant once the house has been rented, thanks to the provisions of the RCA. Thus, the fear of losing perpetual control of their houses might lead them to **withdraw their vacant premises from the rental market, leading to reduced supply**. E.g. The total number of rental units in Cambridge and Brookline, Massachusetts, fell by 8 percent and 12 percent respectively in the 1980s, following imposition of stringent rent controls.<sup>4</sup>
4. It's difficult to resell a tenanted house from which it's difficult to evict tenants. This **reduces liquidity in the market for ownership housing**.
5. As any other price control, rent controls also **distort incentives and price signals**, leading to inefficient allocation of resources (here, land and building). This is because in presence of rent controls, houses don't always get allocated to those who are willing to pay the highest rent.
6. People invariably find ways around RCAs, leading to **formation of black, uncontrolled rental housing markets**. The rents in these markets are much higher than they would have been in absence of rent controls. This is because of two reasons:
  - a. The excess demand from the controlled markets spills over to the uncontrolled markets bidding up prices there.
  - b. The supply in the uncontrolled markets is also affected, as there is always a fear of coming under regulation, which deters landlords from letting out in the uncontrolled markets.
7. Rent controls also reduce the mobility of the labor and households living in controlled premises. This happens through the so-called "**Old Lady Effect**", which operates through the reluctance of many consumers to part with the rent control subsidy. Let me elaborate it with the help of an example. Suppose there is a family

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<sup>4</sup> The High Cost of Rent Control, 1996. National Multi Housing Council. <http://www.rentalprop.com/rentctrl.htm>

of six (husband with wife and four children), staying in a 5 bedroom luxury apartments having controlled rent. With passage of time, the children start moving out and suppose the husband also dies. Now the old widow is left with a house, only a part of which, she occupies. Ideally she would like to move to a smaller apartment, but the low rent she pays act as a strong disincentive for her to do so. There will be several other cases in the whole market and the result is a large number of unutilized housing spaces, which would be freed once rents are decontrolled and the "Old Lady" moves to a smaller house. Such reduced mobility prevents people from moving to places, which would suit them best in terms of location and infrastructure. And it can have unexpected community costs too like traffic congestion, pollution etc.

8. **Municipal revenues get eroded.** As property tax is directly linked to the rent, it is now calculated on the basis of standard (controlled) rent rather than market rent. A study of rent control in New York City calculated the loss in taxable assessed property values attributable to rent control at approximately \$4 billion in the late 1980s.<sup>5</sup>
9. Implementation of Rent Control laws also involves **substantial administrative costs**. All rental property must be registered, elaborate mechanisms to fix rents must be formulated and a dispute settlement body established.

The impact of RCA on a city depends upon the relative proportion of the controlled and the uncontrolled markets in the rental housing market. The controlled market is the one in on which all the provisions of the RCA apply, whereas the uncontrolled market is the one consisting of all areas exempted from the provisions of the RCA like government property, slum dwellings etc. If a large proportion of the market were uncontrolled then the impact of the RCA would be obviously minimal. But if a large proportion is controlled, then RCA could have devastating effects. Demand will necessarily exceed supply in the controlled

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<sup>5</sup> The High Cost of Rent Control, 1996. National Multi Housing Council. <http://www.rentalprop.com/rentctrl.htm>

market. Those unable to find homes will invariably move to the uncontrolled sector, bidding up rents. And already, due to government regulation and fear of coming under rent provisions, the supply in the uncontrolled segment is low. Thus, rent controls will actually cause a majority of the people seeking rental accommodation to pay higher rents than they would have paid in absence of rent controls.

## Social Arguments

The social impacts of Rent Control Acts are more explicit and often, very bizarre. In absence of any fresh supply of rental housing, the existing tenants sit tight and the new entrants are the worst affected. The only possible way for them to get an apartment is through the death of an existing tenant (assuming no inheritance rights). This can lead to pathetic situations as the following case of Paris under RCA shows:

“Young couples must live with in laws, and the wife’s major activity consists in watching out for deaths. Tottering old people out to sun themselves in public gardens will be shadowed back to their flat by an eager young wife who will strike a bargain with the Janitor, the concierge, so as to be first warned when the demise occurs and to be first at the death. Other apartment chasers have an understanding with the undertakers”<sup>6</sup> In absence of the price rationing system, as in the case of rent controls, landlords often adapt discriminatory and crude preferential measures in rationing out the scarce supply of rentable housing among the many buyers.

## Legal Arguments

1. **The Flawed Nature of Rent Control Acts:** The structure of various rent control acts renders them contradictory to other laws of the land in some situations:
  - a) The law relating to the landlord’s rights to evict the tenant can be found in the **Transfer of Property Act, 1882**. While a landlord can immediately start an action for eviction of a tenant on expiry of the notice of eviction under Section 106 of the

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<sup>6</sup> Bertrand De Jouvenal, “No Vacancies”, published in Block Walter and Edgar Olsen, (ed.) Rent Control : Myths and Realities, Vancouver: The Fraser Institute, 1981

Transfer of Property Act, 1882, he cannot start such an action where the rent control act applies, unless he can prove the existence of one of the grounds of eviction under the Rent Act.

- b) Some provisions of these acts have been repeatedly denounced by the courts as unreasonable. E.g. The Supreme Court, while delivering its judgment on December 19, 1997 on appeals filed by several property owners in Mumbai, said that the existing provisions of the Act that related to the determining and fixing of the "standard rent" were "no longer reasonable".<sup>7</sup> (Refer to Annexure 5, row 20, column 4)
- c) The various acts relating to the control of accommodation in urban areas including the Rent Control Acts are examples of legislation interfering with the right to hold and dispose of property under Article 19(1)(f) of the Constitution of India. But such acts exist because they are considered to be necessary in public interest in times of shortage of houses.

2. **Ineffectiveness of the Provisions:** The provisions have not been very effective due to the following reasons:

- a) Significantly large urban groups have been excluded from the purview of RCAs. E.g. The Delhi Rent Control Act (including all amendments) grants exemption to the following tenancies (for full list, refer to Annexure 3, row 4):
  - Properties belonging to the government
  - Any tenancy created by a grant from the Government in respect of the premises taken on lease or requisitioned, by the Government
  - Newly constructed properties for a period of ten years from the date of construction.
  - Any premises, residential or other, whose monthly rent exceeds three thousand and five hundred rupees.

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<sup>7</sup> R. Padmanabhan, A Rent Act Under Review, Frontline, Apr 11-24, 1998, <http://www.hinduonnet.com/fline/fl1508/15081080.htm>

Besides the above, exemptions are granted to religious and ethnic institutions also. E.g. in Bihar, the properties owned by Digambar and Shwetambar Jain Trusts are exempted from all provisions of the Bihar Building (Lease, Rent and Eviction) Control Act, 1982. (Refer to Annexure 3, row 3, column 4). Although properties in the informal markets (slum settlements) are not 'exempted' from the provision of the act, for all practical purposes they are considered to be outside the purview of the act. The argument behind this is that for the people (usually lower income group) living in these areas the opportunity cost of going to court is very high and legal illiteracy is rampant.

- b) Under most of the RCAs there is nothing illegal about charging a rent higher than the standard rent. Standard rents are fixed by the Rent Controller, only if the tenant or the landlord approaches him for this purpose. Even if there are no provisions in the RCA for increasing rents over time, the tenants often agree to an increase in rents to maintain good relations with the landlord. (Refer to Annexure 5, column 3)
- c) Another way in which this act is made ineffective is through the prevalent system of lump sum payments at the beginning of the tenancy period. Such payments are illegal, e.g. under Section 5 of the Delhi RCA, which permits only one month's advance. But in the RHM of Delhi, an advance of 6 months' rent is quite common.<sup>8</sup>
- d) Often the renting of the house is done under the Transfer of Property Act 1882 and a "Leave and License Contract" is drawn with the tenant. The period of the lease ranges from 11 months to 33 months and is renewed at the expiry of the contract period. This contract however has no validity under the Delhi RCA or other RCAs.

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<sup>8</sup> Payment of rent in advance is different from the deposit of rent in the jargon of RCAs. A tenant is entitled to deposit rent with the rent controller if he faces difficulty in payment of rent to the rightful landlord. But he is not liable to pay more than one month's rent in advance (in most states).

- e) Often landlords make the non-issuance of rent receipt a prerequisite for renting out apartments. Thus, in the event of a conflict the case of the tenant is weakened by a great extent.
- f) The eviction procedure is usually very long and tiresome. And there is a lock in period after eviction, during which the landlord cannot relet the house. Thus, if a landlord wants to relet the house at a higher rent, he'll avoid going to court, and revert to the following illegal methods:
- Pay reverse '*pugree*'<sup>9</sup> to the tenant to induce him to vacate the apartment. This is an illegal practice, just as '*pugree*' is.
  - Use of force to evict the tenant. This job is taken up by organized gangs who charge heavy fees. Sometimes, even the help of the local police is taken in this regard.

**3. Poorly written Acts:** The following observations from the Annexures clearly highlight the fact that most of the states' Rent Control Acts are poorly written and thus their implementation is bound to be problematic.

- In many states tenants are not even entitled to get a receipt from the landlord on payment of rent (refer to Annexure 6, column 3). The right to receipt on payment of rent is an essential right of any tenant and also, the foundation of the tenants' right to seek justice in court of law.
- In several states, the landlord is entitled to make alterations or improvements to the premises without the written consent of the tenant. These improvements, in turn, entitle him to increase the standard rent (refer to Annexure 5, column 5). This means that the landlord, despite the unwillingness of the tenant, can make structural alterations to the premises and claim an increase in rent.

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<sup>9</sup> An Indian term used to describe an interest free security deposit given to landlords which is refundable at the expiry of the lease term to the outgoing tenant by the successive tenant



- A clear position on inheritance rights is essential for any legislation governing property rights. But strangely, Karnataka is the only state in India, which has provisions for inheritance of tenancy in its RCA.
  - Too much in the acts is ambiguous and is left to the interpretation of the user. Phrases like '*basis of*' and '*bona fide*' are used very often.
  - Despite having adapted 'second generation rent controls', only a handful of the states actually allow for periodic, unconditional increase in the standard rent. (Refer to Annexure 5, column 5).
  - Only the state of Maharashtra has provisions for mass letting<sup>10</sup> in its Rent Control Act. The rest of the states seem to assume that a tenanted premises is inhabited by only one tenant or his immediate family. This assumption is definitely not true, especially in a country like India.
  - And in some states, the evictions clauses are so stringent that a tenant cannot be evicted even if he causes substantial physical damage to the building. (Refer to Annexure 4, column 5)

## International Experiences and what India can learn from them

Rent controls were introduced primarily after World War II as a temporary measure to prevent landlords from charging exorbitant rents in a situation of inflationary pressures owing to the war. The problem was compounded by the excess demand generated by the soldiers returning home at the end of the war. Despite their temporary nature, rent controls stayed, for reasons more political than economic in nature.

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<sup>10</sup> The practice of a single landlord letting out a premises to many tenants at once (usually in case of large buildings with many rooms and shared facilities)

The rent control provisions introduced during this time period came to be known as “first-generation rent controls”. These controls were rigid and were more in the nature of rent freezes. They didn’t allow for periodic revisions in rents and thus led to widespread shortages and emergence of parallel markets. Rent controls introduced during later stages (particularly after the 1970s) were called “second-generation rent controls”. They were much more flexible in the sense that they allowed for periodic revision of rent, often indexed to inflation rates. Leeway was also provided in landlord tenant relationships. But even second-generation rent controls retained the primary nature of price controls i.e. they interfered with the functioning of a free market and distorted incentives and information, although to a much lesser extent than first-generation rent controls.

As is obvious from the above description, merits and demerits of second-generation rent controls are very different from those of the first. It has to be admitted that, on numerous occasions, criticism rightly due to first-generation rent controls has been leveled against second-generation rent controls. It is a little known fact that second-generation rent controls are not just price ceilings. They are complicated devices “intended” to prevent rents from rising to prohibitive levels and to balance the interests of the landlord and the tenants. On the other hand it is also true that many countries are still stuck on first-generation controls, trying to repackage them as second-generation ones without changing their basic nature. E.g. Despite a long and illustrious history of rent control reform, most states in India still implement archaic rent freezes with revision only on certain occasions. (Refer to Annexure 5, column 5)

Almost 60 countries all over the world have rent control laws in place. Many of these are developing countries like India and the Philippines. Due to high population growth rates and low per capita incomes, the relative demand for ownership housing in these countries is low. Rental housing is thus an important a part of the lives of many people and hence, is an important national issue and subject of intense debates.

A simple overview of the major case studies of cities across the world presents a very hazy picture of the effects of rent control on the housing dynamics of urban areas. While there

are instances of rent controls being severely detrimental to the interests of both landlords and tenants, there are also cases where cities under rent controls have not faced any such problems. Some examples from all over the world supporting both sides of the story are presented here.

## Where it harmed

There are numerous cases all over the world where imposition of rent controls has led to various problems. Examples to illustrate this point have been mentioned throughout the paper. Some more notable incidences are mentioned below. A study done in 1997 (Glaeser and Luttmer) found out that if there had been a free market in housing, twenty one percent of tenants in **New York City** have either more or less number of rooms than they would have stayed in. The same study also found out that the benefits to the tenants in the controlled sector (in the form of lower rents) are far outweighed by the increased prices for the tenants in the uncontrolled sector.

Further, a study done by Malpezzi (1998) on the housing market in **Cairo** revealed that rent payments in the controlled sector were accompanied by huge side payments, which substantially reduce any subsidies that the tenants would have received from a ceiling on rents. Munch and Svarver (2002) also found that rent control severely affected tenancy duration by as much as six years.

There is also evidence to support the assertion that rent controls may lead to homelessness through an increase of rents in the uncontrolled sector and decreasing the vacancy rate in the controlled sector. Grimes and Chressanthis (1997) using US census data for the 1990s proved this point. After imposition of rent controls the city's shelter population increased by 0.03% and the street population increase by 0.008%.

## Where it did not

The simplistic models taught in basic school textbooks suggest that governments worldwide should "remove all rent controls immediately". But in some situations the use of such simplistic models can lead to wayward predictions. E.g. In **Cairo**, research demonstrated that high vacancy rates<sup>11</sup> and high rates of new constructions could be found in a market, which is very tightly controlled.<sup>12</sup> Even in Philippines, a study done by the Philippine Institute of Development Studies on the effects of rent controls in **Manila** showed that net benefits of rent control are positive. There are numerous other examples in **Egypt, Canada and Mexico** where rental-housing markets have flourished under moderate to strict rent control regimes.

Many arguments against rent controls, though theoretically solid, lack empirical support. As an illustration, there is no empirical evidence anywhere that rent controls slow down the construction rate of housing. The claim that rent controls lead to abandonment too has been contentious. E.g. **Manhattan's** rent controlled areas have seen no abandonment at all despite being under strict rent controls. A survey of 125 residential cities in **New Jersey** that had a population base of 10,000 or higher revealed that rent controls had no impact on the supply of new housing and only marginally reduced housing quality.<sup>13</sup>

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<sup>11</sup> The percentage of all rental housing units in a particular area not rented or unoccupied at a given time  
[http://dictionary.laborlawtalk.com/vacancy\\_rate](http://dictionary.laborlawtalk.com/vacancy_rate)

<sup>12</sup> Malpezzi and Rydell 1986, 6

<sup>13</sup> Future of Rent Control Deregulation in India: Lessons from all over the World, Ram Ranjan, 2006

As housing markets are characterized by asymmetric information, there is an adverse selection<sup>14</sup> problem when there is inflation. Landlords might thus not rent out their apartments at all or might let out to short term tenants only, in order to adjust their rents for inflation in the future. Thus, even in absence of rent controls, landlords may not always raise housing supply in response to shortages or increase in demand. This was exactly what happened in **Toronto** in 1998. Relaxation of rent control laws did not lead to an increase in housing supply even as its population increased significantly in the next few years.

Early and Olsen (1998) used micro data to try to prove a negative relationship between rent control and homelessness. Their argument was that while rent control increases prices by reducing supply in the controller sector, they also make it less likely for the poor to be evicted during times of financial stress. Using data from 44 urban areas in the **United States**, they found that rent controls actually lead to a reduction in homelessness.

But these examples, in no way suggest that rent controls, per se, are beneficial to rental housing markets. It is only in association with other important urban phenomenon that rent controls gain the potential to help or harm a rental housing market and interests of all its participants.

## Lessons for India

The above analysis clearly shows us that rent controls, in practice, need not necessarily lead to the various urban problems, which have been mentioned earlier in this paper. This is because in any rental housing market, there are several other factors in operation, which have a major influence on supply, demand and prevalent rents. But at the same time it has to be admitted that any form of price control is undesirable. Ideally, as most economists agree, all rent controls should be abolished. But we are constrained in our

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<sup>14</sup> Market process in which bad results occur due to information asymmetries between buyers and sellers: the "bad" products or customers are more likely to be selected. Source: [http://www.google.co.in/url?sa=X&start=12&oi=define&q=http://en.wikipedia.org/wiki/Adverse\\_selection](http://www.google.co.in/url?sa=X&start=12&oi=define&q=http://en.wikipedia.org/wiki/Adverse_selection)

action towards complete deregulation by the other variables, which operate in any urban housing scenario. Thus, the idea of immediate countrywide banishment of rent controls must be dropped. The questions that need to be answered first are that will the pressing problems that exist in urban areas of this country go away with rent control deregulation? Are there other factors that need to be addressed simultaneously for rent control deregulation to really have the desired effects?

These questions gain extra importance with respect to India when we consider the other factors working behind the demand and supply in rental housing markets. Some of these factors are rural to urban migrations, population growth, urban infrastructure bottlenecks, land availability, its distribution between public and private uses, mass transportation shortages etc.

What is really needed is a step-by-step approach. And the ideal first step would be to reform our existent rent control laws. A simple overview of the tables annexed with the paper will give us the idea that gross inconsistencies, absence of several essential provisions and presence of various unnecessary ones plague the Acts. Despite the circulation of a Model Rent Control Law among all the states by the central government in 1992, nothing of note has been done with regard to reforming the existent laws. Essential rights like the right to receipt on payment of rent are not provided for in all the acts. Provision like these should be standardized across all states. And in many states, no increase in rent is allowed except when improvements or alterations are made to the premises by the landlord with the consent of the tenants. This is just euphemism for a rent freeze as no tenant would be eager to allow the landlord to charge a higher rent than what is being charged at present. The right to deposit rent too, has been left untouched or partially defined in many of the states. And there is no provision for inheritance of tenancy in any of the states save Karnataka. Most of the states give no exemptions to new constructions, which would encourage fresh supply in the rental housing markets. Even if they do, the time period of the exemption is just too short to act as a real incentive for

builders to invest in rental housing. The concept of vacancy decontrol<sup>15</sup>, which worked wonders in some countries, especially in the US, hasn't been given much thought either.

These are just some examples from a plethora of discrepancies present in our rent control acts. Working towards an improvement in the state of these laws can prove to be a stepping-stone towards the desired end of complete deregulation. Thus, instead of incessant rhetoric about complete and immediate deregulation, what is needed is a methodical approach towards reforming the existent rent control laws. And instead of relying completely upon examples of other countries where deregulation has worked, empirical research and quantification of the relationships needs to be done between the various factors working behind the scenes in the rental housing market in India, and the impact deregulation is likely to have on these factors.

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<sup>15</sup> The practice of perpetually exempting a premises from any type of rent or accommodation control on vacancy. Vacancy may be defined differently under different acts.

### ANNEXURE 1 – BASIC DETAILS

Serial Number	State	Name of Act	Previous Acts (if any)
1	Andhra Pradesh	The Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Act, 1960 (Act No. 15 of 1960)	Madras Buildings (Lease and Rent Control) Act, 1949 and Hyderabad Houses (Rent Eviction and Lease) Control Act, 1954, integrated into one Act in 1960.
2	Andaman and Nicobar Islands	Andaman & Nicobar Islands Rent Control Legislation notified on 19.10.1965 is applicable in Port Blair Municipal Area. No other information, as the aforesaid legislation is not available.	
3	Arunanchal Pradesh	The State Government is yet to enact a Rent Control Act in the state.	
4	Assam	The Assam Urban Areas Rent Control Act, 1972 (Assam Act No. 17 of 1972)	Assam Urban Areas Rent Control Act, 1966 (No. 2 of 1967)
5	Bihar	The Bihar Building (Lease, Rent and Eviction) Control Act, 1982 (Bihar Act No. 4 of 1983)	The Bihar Building (Lease, Rent and Eviction) Control Act, 1977
6	Chattisgarh	No new Act enacted. Following the parent state Act.	
7	Dadra and Nagar Haveli	No State Rent Law in force.	



8	Delhi	The Delhi Rent Control Act, 1958 (59 of 1958)	Delhi and Ajmer-Merwara Rent Control Act, 1947 ; Delhi and Ajmer Rent Control Act, 1952
9	Goa and Daman & Diu	The Goa, Daman and Diu Buildings (Lease, Rent and Eviction) Control Act, 1968 (Act No. 15 of 1968)	Decree No. 43525, dated 7 <sup>th</sup> March 1961 and Legislative Diploma No. 1409, dated 14 <sup>th</sup> February 1952 and the corresponding provisions of any other law.
10	Gujarat	The Bombay Rents, Hotel and Lodging House Rates Control Act, 1947 (Bom, Act No. 57 of 1947)	Bombay Rent Restriction Act, 1939 and the Bombay Rents, Hotel Rates and Lodging House Rates (Control) Act, 1944
11	Haryana	The Haryana Urban (Control of Rent and Eviction) Act, 1973 (Haryana Act No.11 of 1973)	East Punjab Urban Rent Restriction Act, 1949
12	Himachal Pradesh	The Himachal Pradesh Urban Rent Control Act, 1971 (Act No. 23 of 1971)	The East Punjab Urban Rent Restriction Act, 1949
13	Jammu and Kashmir	The Jammu and Kashmir Houses and Shops Rent Control, 1966 (No. 34 of 1966)	The Jammu and Kashmir Houses and Shops Rent Control Ordinance, 1966 and the Jammu and Kashmir Houses and Shops Rent Control (Amendment) Ordinance, 1966

14	Jharkhand	No new Act enacted. Following the parent state Act.	
15	Karnataka	The Karnataka Rent Act, 1999 (Karnataka Act No. 34 of 2001)	Karnataka Rent Control Act, 1961
16	Kerala	The Kerala Buildings (Lease and Rent Control) Act, 1965 (Act 2 of 1965)	The Kerala Buildings (Lease and Rent Control) Act, 1959
17	Lakshadweep	Housing problem is not acute and inter island migration is very limited. Thus, having a Rent Control Legislation is not considered necessary.	
18	Madhya Pradesh	The Madhya Pradesh Accommodation Control Act, 1961 (No. 41 of 1961)	The Madhya Pradesh Accommodation Control Act, 1955
19	Maharashtra	The Maharashtra Rent Control Act, 1999 (Maharashtra Act 18 of 2000)	The Bombay Rents, Hotel and Lodging House Rates Control Act, 1947, The Central Provinces and Berar Regulation of Letting of Accommodation Act, 1946 and The Hyderabad Houses (Rent, Eviction and Leases) Control Act, 1954
20	Manipur	In the process of preparing a bill on Rent Control on the lines of suggestions made by the Central Government.	

21	Meghalaya	The Meghalaya Urban Areas Rent Control Act, 1972	The Assam Urban Areas Rent Control Act and The Meghalaya Urban Areas Rent Control Act
22	Mizoram	The Mizoram Urban Areas Rent Control Act, 1974 (The Mizoram Act No.9 of 1974)	Assam Urban Areas Rent Control Act, 1966
23	Model Law	The Model Rent Control Law, 1992	None
24	Nagaland	No information available.	
25	Orissa	The Orissa House-Rent Control Act, 1967 (Orissa Act 4 of 1968)	Orissa House-Rent Control Act, 1958 (No. 31 of 1958)
26	Pondicherry	The Pondicherry Buildings (Lease and Rent Control) Act No. 5 of 1969	N.A
27	Punjab and Chandigarh	The East Punjab Rent Restriction Act, 1949 (East Punjab Act No. 3 of 1949) and The East Punjab Rent Restriction (Extension To Chandigarh) Act, 1974 (Act No.54 of 1974)	Punjab Act No.6 of 1947 and East Punjab Act No.21 of 1948.
28	Rajasthan	The Rajasthan Rent Control Act, 2001 (Act No.1 of 2003)	The Rajasthan Premises (Control of Rent and Eviction) Act, 1950
29	Sikkim	Gangtok Rent Control And Eviction (Act 1 of 1956)	N.A
30	Tamil Nadu	The Tamil Nadu Buildings (Lease and Rent Control Act), 1960 (Tamil Nadu Act I of 1980)	The Madras Buildings (Lease and Rent Control) Act, 1949

31	Tripura	The Tripura Buildings (Lease and Rent Control) Act, 1975 (No.5 of 1975)	The Tamil Nadu Buildings (Lease and Rent Control Act), 1960
32	Uttar Pradesh	The Uttar Pradesh Urban Buildings (Regulation of Letting, Rent and Eviction) Act, 1972 (U.P. Act No. 13 of 1972)	The United Provinces (Temporary) Control of Rent and Eviction Act, 1947
33	Uttaranchal	No new Act enacted. Following the parent state Act.	
34	West Bengal	The West Bengal Premises Tenancy Act, 1997 (West Bengal Act No.37 of 1997)	The West Bengal Premises Tenancy Act, 1956

### ANNEXURE 2 – APPLICATION

Serial Number	State	Cities, Districts and Municipalities	Types of Constructions
1	Andhra Pradesh	Except sub-section (2) of Section 3, applies to Hyderabad and Secunderabad, Vishakhapatnam and Vijaywada and all Municipal Corporations and Municipalities, sub-section (2) of Section 3 will only apply in these areas if there is a notification by the State Government.	Residential, Non-residential includes gardens, grounds, garages and outhouses, if any and also any furniture and fittings supplied by the landlord. Rooms in hotels and boarding houses are not included
2	Bihar	The whole of the State of Bihar	Same as above

3	Delhi	Areas in the limits of the New Delhi Municipal Committee, the Delhi Cantonment Board and the Municipal Corporation of Delhi (as specified in the 1 <sup>st</sup> Schedule)	Same as above and also rooms in a hotel and lodging house. For determining Standard Rent public hospitals, educational institutions, public libraries, reading rooms and orphanages are considered as residential premises.
4	Uttar Pradesh	Every city, municipality, notified area and town area as defined in the respective Acts.	Residential or non-residential roofed structure including garages, outhouses, gardens and also furniture fittings and fixtures supplied by the landlord.
5	Karnataka	The whole of the state of Karnataka.	Residential and non residential (only those commercial premises having a plinth area of more than 14 sq. meters, other non residential complexes are excluded), rooms and other accommodation in a hotel and lodging house are also excluded.
6	Kerala	The whole of the state of Kerala.	Same as 1.

7	Tamil Nadu	Except sub section (2) of section (3), the Act shall apply to Madras, Madurai and all the municipalities constituted under the Tamil Nadu District Municipalities Act, 1920	Same as 1
8	Madhya Pradesh	The whole of the state of Madhya Pradesh.	Residential or non residential, including any land not being used for agricultural purposes and garages, outhouses, furniture, fixtures and fittings.
9	West Bengal	Areas within the limits of the Calcutta Municipal Corporation and the Howrah Municipal Corporation and to the municipal areas within the meaning of the West Bengal Municipal Act, 1993.	Building or part of a building or any hut or part of a hut let separately including the gardens, grounds and out-houses and any furniture, fittings and fixture supplied along with by the landlord.
10	Haryana	All urban areas in Haryana except the Cantonment areas.	Any building, including any land, godowns, outhouses, gardens, lawns, wells or tanks and the furniture, fittings, and the machinery affixed. Does not include rooms in a hotel or a lodging house.

11	Maharashtra	The whole of the state of Maharashtra	Any building or part of a building let or given on license including the garden, garage and outhouses and also the furniture and the fittings supplied by the landlord. Rooms in hotel or lodging houses are not included.
12	Himachal Pradesh	All urban areas in Himachal Pradesh	Any building, residential or non residential, or parts thereof, let or given on license separately (other than a farm building) including the gardens, garages and outhouses and also the furniture and the fittings supplied by the landlord. Does not include rooms in a hotel or a lodging house.

13	Rajasthan	Municipal areas which comprise the District Headquarters in the state and municipal areas having a population exceeding 50,000 as per 1991 census.	Any land not being used for agricultural purposes, any building (or a part thereof) intended to be let for residential or commercial use including gardens, outhouses, garages and also furniture and fittings supplied by the landlord. Does not include rooms in a hotel, dharmshala, inn, sarai, lodging house, boarding house or hostel.
14	Tripura	The whole of the state of Tripura	Any building or hut or part of a building or hut, let or to be let separately for residential and non residential purposes and including gardens, grounds, wells, tanks, any furniture, fittings or machinery belonging to the landlord.
15	Meghalaya	All urban areas in Meghalaya	Same as above
16	Pondicherry	The whole of the Union Territory of Pondicherry	Same as above, but excluding rooms in a hotel or a boarding house.
17	Sikkim	All buildings and constructions situated within the area of the Gangtok Bazaar, which, may be fixed from time to time by the Sikkim Darbar.	The Act just says –“All buildings and constructions situated within the area of the Gangtok Bazaar”.



18	Jammu & Kashmir	The municipalities of Jammu and Srinagar and to such other urban areas to which the Jammu and Kashmir Houses and Shops Rent Control Act, Samvat 2009 extended at its expiration.	A building or a part of a building suitable for occupation as residence and includes gardens, grounds and outhouses and also the furniture supplied by the landlord.
19	Gujarat	The whole of the State of Gujarat.	Any land not being uses for agricultural purposes, any building or part of a building let (other than a farm building) including the gardens, garages or outhouses, any furniture supplied by the landlord and any fittings affixed to such building. Also, the Act applies to a building or part thereof where lodging with or without board or other services are provided for a monetary consideration

20	Mizoram	All urban areas / town areas declared as such by the administrator.	Any building, hut or shed or any part thereof let out or to be let out separately for residential or non-residential purposes and includes the gardens, grounds and out houses and also the furniture supplied by the landlord.
21	Goa and Daman & Diu	Cities of Panaji, Margao, Mapsa and Vasco (including the harbor area) and to Daman (Nani and Moti) in the Union Territory of Goa, Daman and Diu.	Same as above but excluding rooms in a hotel or lodging house.
22	Orissa	The whole of the state of Orissa.	Any building or part of a building with its appurtenances and out houses used for any purpose whatsoever.
23	Assam	All urban areas in Assam	Any building, hut or shed or any part thereof let out or to be let out separately for residential or non-residential purposes and includes the gardens, grounds and out houses and also the furniture supplied by the landlord.

24	Punjab and Chandigarh	All urban areas in Punjab and the whole of the Union Territory of Chandigarh.	Any building or part of a building let for any purpose whether being actually used for that purpose or not, including any land, godowns, outhouses, or furniture let therewith but does not include a room in a hotel, hostel or boarding house.
25	Model Law	Urban areas with population more than 3 lakhs as per 1991 Census. (The state governments may, however cover cities with population of 1 lakh to 3 lakh or even less than 1 lakh according to local circumstances)	No exemptions of buildings on account of size (as in Karnataka).

### ANNEXURE 3 – EXEMPTIONS

Serial Number	State	On the basis of Rent/Income of Tenant	On the basis of ownership	On the basis of Date of Construction
1	Andhra Pradesh	Any building exceeding a monthly rent of Rs.3500 in the areas covered by the Municipal Corporations and Rs.2000 in other areas as on 28.05.2005.	Nothing in the act shall apply to any premises owned by the Central or the State Government or any local authority. Exemption from letting and notice of vacancy provisions is granted to any building owned by any company, association or firm, whether incorporated or not and bona fide solely intended for the occupation of its officers.	Any building constructed or substantially renovated for a period of 15 years from the date of renovation or substantial construction.
2	Assam	No Provision	Any premises belonging to the Central Government, any tenancy or other relationship created by a grant from Central Government in respect of the premises taken on lease, or requisitioned by the Central Government.	No Provision
3	Bihar	No provision	Nothing contained in the acts shall apply to a tenant whose landlord is the local authority of the State Government or the Central Government of the Bihar State Shwetambar Jain Trust Board or the Bihar State Digamber Jain Trust Board or	No provision

			the Wakf, which may be under the Bihar State Wakf boards.	
4	Delhi	Any premises, whose monthly rental exceeds Rs.3500	Any premises belonging to the Government, or rented through a grant from the Government.	Any premises constructed after 1988, for a period of 10 years from the date of construction.
5	Goa and Daman & Diu	Provisions regarding the Control of Letting (Chapter 2) shall not apply to a residential building the monthly rent of which does not exceed Rs.25, to a non residential building the monthly rent of which does not exceed Rs.50 and	Any building belonging to the Govt., or a state housing board, or a local authority, or Industrial Development Corporation or vested in the Custodian of Evacuee Property or any tenancy created by a grant from the government in respect of a building and any building or buildings in the same city, town or village owned by any company, association or firm, whether incorporated or not, and bona fide solely intended for the use of its officers, servants or agents.	Any newly constructed building for a period of four years from the date of its construction.
6	Gujarat	No Provision	Any premises belonging to the Government or a local authority or any tenancy or any other relationship created by a grant from the government in respect of the premises	Exemption for 10 years from the provisions of the Act for premises constructed/let out after 30.03.2001
7	Haryana	No provisions	No Provisions	Any building the construction of which was completed after the commencement of the Act,

				for a period of 10 years from the date of completion.
8	Himachal Pradesh	No Provision	Any building or rented land owned by the government.	Provision regarding standard rent shall not apply to buildings constructed between 16 <sup>th</sup> August 1971 and 15 <sup>th</sup> August 1976.
9	Jammu & Kashmir	Any tenancy in respect of any house or shop where the income of the tenant, whether accruing within or outside the state exceeds Rs.20000 per annum.	Any house or premises belonging to, taken on lease or requisitioned by the government	Provisions for fair rent do not apply to the houses or shops (or parts of them), which were not let during the 12 months prior to 1 <sup>st</sup> Baisakh, 1998.
10	Karnataka	Any building whose rent exceeds Rs.3500 per month in areas in the First Schedule and Rs.2000 per month in any other area,	Any premises belonging to the State, Central Government or a local authority, a Muzarai or religious or charitable institution or a Wakf. Also building belonging to a Co-operative society or a market committee.	Any building, for a period of 15 years from the date of completion of construction or "substantial renovation".
11	Kerala	No Provision	No Provision	No Provision
12	Madhya Pradesh	No Provision	Accommodation which is the property of the Govt. or any local authority (used exclusively for non residential purposes)	Any accommodation, for a period of 5 years of the date of completion of construction.

13	Maharashtra	No Provision	Any premises belonging to the Central Government or the local authority. The provisions regarding standard rent do not apply to premises, which are constructed or reconstructed in any housing scheme undertaken by the Central or the State Housing Authority.	No Provision
14	Meghalaya	No provision	Any premises belonging to the Central Government or any tenancy or other relationship created by a grant from the Central Government in respect of the premises taken on lease.	No provision
15	Mizoram	No Provision	Any premises belonging to the Central Government.	No Provision
16	Model Law	<ul style="list-style-type: none"> <li>Residential and non-residential premises carrying more than a specified rental value ranging from Rs.1500 to Rs.3500 per month as may be specified by each state.</li> <li>Mandatory provisions for such exemption on a city wise basis. This ceiling for rent will be automatically revised upwards as per escalation formula of Standard Rent.</li> </ul>	<ul style="list-style-type: none"> <li>Exemption to premises with legal title and valid building permissions owned by religious and charitable trusts including educational societies registered under the Charitable Trust Act to be decided by the State Govt.</li> <li>Exemption to premises owned by Central and State Governments, Cantonment Boards and local authorities.</li> <li>Exemption to premises rented by foreign missions</li> </ul>	<ul style="list-style-type: none"> <li>Exemption for 15 years to new construction on a vacant plot and also renovation on existing site so long as 75% is built anew, to be determined by prescribed technical criteria in each state.</li> <li>Exemption to premises for a period of 15 years whether newly constructed or otherwise where the</li> </ul>

		<p>Exemption will exceed to existing and new tenancies, and covering new and existing constructions.</p> <ul style="list-style-type: none"> <li>No exemption to low rent properties.</li> </ul>	and international agencies.	<p>premises have not been under tenancy for 7 years or more after the last tenancy.</p> <ul style="list-style-type: none"> <li>All tenancies where the lease extends beyond 20 years.</li> </ul>
17	Orissa	No Provision	Houses owned by the Central Government or the State Government or a local authority.	Houses, the construction of which is completed after the commencement of this Act for a period of 5 years from the date of the completion.
18	Pondicherry	Eviction clauses shall not apply residential buildings the monthly rent of which does not exceed Rs.25 and non residential buildings, the monthly rent of which does not exceed Rs.50.	Any premises belonging to the government or any tenancy or other relationship created by a grant from the government in respect of the premises taken on lease.	No Provision
19	Punjab and Chandigarh	No Provision	Any Cantonment Area	No Provision
20	Rajasthan	Provisions regarding revision of rent and tenancy shall not apply to any residential premises let out before or after the commencement of the act, the monthly rent whereof is 1. Rs.7000 or more, in case of the premises situated in the municipal area of the Jaipur city. 2. Rs.4000 or more, in case	Any premises belonging to the Central, State Government or Local Authority. Also premises belonging to a govt. company, Devastah Department of the State, Wakf, a University established by law or a premises let out to a bank. Also, any premises let out to a citizen of a foreign country or to an Embassy, or any other	Provisions regarding standard rent and eviction shall not apply to premises built or completed after the commencement of the Act



		of premises let out at places situated in municipal areas comprising the Divisional Headquarters, Jodhpur, Ajmer, Kota, Udaipur and Bikaner. 3. Rs.2000 or more, in case of premises let out at places situated in other municipal areas.	international organization.	
21	Sikkim	No Provision	No Provision	No Provision
22	Tamil Nadu	Residential (non residential) building the monthly rent of which does not exceed 25 (50) rupees.	Any building owned by any company, association or firm, whether incorporated or not, and <i>bona fide</i> intended solely for the occupation of its officers.	Any building, for a period of 5 years from the date on which the construction is completed.
23	Tripura	No Provision	Any premises belonging to any local authority or the Government, any tenancy created by the government in respect of any premises taken on lease by the government.	No Provision
24	Uttar Pradesh	Any building, whose monthly rent exceeds two thousand rupees.	Any building of which the Government or local authority or a public sector corporation or a Cantonment Board is the landlord and any building belonging to a recognized educational institution or Wakf. Also, any building to be used as a factory, or a place of public amusement or held by a society registered under the Societies	Any building, for a period of 10 years from its date of construction (40 years for buildings whose construction was completed on or after April 26, 1985)

			Registration Act, 1860.	
25	West Bengal	<p>Any residential premises which carries more than Rs.6500 as monthly rent in the areas included within the limits of the Calcutta Municipal Corporation or the Howrah Municipal Corporation or Rs.3000 as monthly rent in other areas to which this Act extends.</p> <p>Any non residential premises which carries more than Rs.10000 as monthly rent in the areas included within the limits of the Calcutta Municipal Corporation or the Howrah Municipal Corporation or Rs.5000 as monthly rent in other areas to which the Act extends.</p>	<p>Any premises owned by the Central, State govt., govt. undertaking, Cantonment Board or local authority and any premises rented out to a foreign mission or an international agency.</p>	No Provision

### ANNEXURE 4 - RIGHTS AND DUTIES OF LANDLORDS

Serial Number	State	Notice of Vacancy <sup>16</sup>	Right to Temporary Recovery of Possession	Permanent Eviction Rights
1	Andhra Pradesh	10 days	The landlord is entitled to get possession of the building, if <i>bona fide</i> , it is required by him to carry out repairs, alterations or additions, which cannot be carried out without the building being vacated, after which the building will again be offered to the tenant.	1-15 days, 2, 3, 4, 6, 7-4 months, 8, 9, 12
2	Assam	No Provision	If the landlord recovers possession of a house for reconstruction or major renovation, as he is entitled to, and the work is not commenced within 15 days, the landlord will be liable to put the tenant in possession of the house and to pay him such compensation as may be fixed by the Controller.	1-14 days, 2, 6, 9, 12, 14
3	Bihar	No Provision	No Provision	1-1 month, 2, 3, 4, 6, 9, 10
4	Delhi	7 days, in case of new constructions, the landlord has to notify the Director of estates within 30 days of the completion of such construction.	The landlord is entitled to get possession of the building, if <i>bona fide</i> , it is required by him to carry out repairs, alterations or additions, which cannot be carried out without the building being vacated, after which the building will again be	1 – 2 months, 2, 3, 4, 5, 7-6 months, 9, 10, 12

<sup>16</sup> Number of days within which the Controller or any other designated authority has to be informed of the vacancy of the premises from the date the premises becomes vacant.

			offered to the tenant.	
5	Goa and Daman&Diu	10 days	The Controller may pass an order directing the tenant to put the landlord in possession of the building before a specified date if he is satisfied that the building is, bona fide, required by the landlord to carry out repairs or demolitions (provided that the building consists of not more than 2 floors) which cannot carried out without the building being vacated. The landlord will be obliged to offer the building to the tenant on completion of the project, for his reoccupation.	1-3 months, 2, 3, 4, 5, 6, 12, 7-4 months, 8, 9
6	Gujarat	No Provision	The landlord is entitled to get possession of the house where he requires it for carrying out repairs or demolitions, which cannot be carried out without the premises being vacated. The tenant is entitled to be placed in the occupation of the building once the repairs and demolitions are completed.	1-1 month after the serving of notice demanding payment of standard rent, 2, 3-for a continuous period of 6 months, 4, 5, 6, 7-6 months, 9, 10, 11, 12, 14
7	Haryana	No Provisions	No Provisions	1-15 days, 2, 3,4, 6, 7-4 months in cases where the building is situated in a place other than a hill station, 9, 10, 12

8	Himachal Pradesh	No Provision	Same as above.	1-15 days, 2, 3, 4, 6, 7-12 months, 9, 10, 12
9	Jammu and Kashmir	No Provision	If the landlord recovers possession of a house for reconstruction or major renovation, as he is entitled to, and the work is not commenced within 6 months, the landlord will be liable to put the tenant in possession of the house and to pay him such compensation as may be fixed by the Controller.	1-2 months, 2-more than 7 consecutive months, 4, 5, 6, 9, 14
10	Karnataka	No Provision	Same as 3.	1-2 months, 2, 3, 4, 5, 6, 7-4 months, 8, 9, 10, 11, 12
11	Kerala	15 days	Same as 3.	1-15 days, 2, 3, 4, 6, 7-4 months, 8, 9
12	Madhya Pradesh	No Provision	If the accommodation has become unsafe and unfit for human habitation and cannot be repaired without being vacated, landlord is entitled to get possession of the building. The tenant is entitled to reoccupy the building after the repairs.	1-2 months, 2, 3-using a portion of the accommodation as office shall not be deemed as a violation, 4, 5, 6, 7-6 months, 9, 10, 12
13	Maharashtra	No provision	On direction from the controller, the tenant can be evicted for making certain repairs and rebuilding. The tenant is entitled to reoccupy the building after the repairs.	1-90 days from the date of summons for the suit, 2, 4, 5, 6, 7-6 months, 9, 10, 11, 13, 14
14	Meghalaya	No Provision	The tenant can be evicted for the purpose of undertaking necessary repairs and reconstructions, but if	1-14 days, 2, 6, 9, 12, 14

			the landlord fails to start the repairing procedure within 30 days of the date of vacation of the house, the court may direct the landlord to put the evicted tenant back in possession of the house in such period as the court may fix and pay him such compensation as the court may consider to be reasonable.	
15	Mizoram	No Provision	If the landlord recovers possession of a house for reconstruction or major renovation, as he is entitled to, and the work is not commenced within 30 days, the landlord will be liable to put the tenant in possession of the house and to pay him such compensation as may be fixed by the Controller.	6, 9, 2, 1-14 days, 12,
16	Model Law	No Provision, but the law does recommend providing for limited period tenancies for a period up to 5 years and providing for immediate physical eviction of tenant after the expiry of this period.	Temporary vacation is provided for in case the premises are required for major repairs, reconstruction, additions or alterations. It is mandatory to re-admit the tenant after the repair work is done.	1-3 months, 2, 3, 4, 5, 6, 7, 11, 8, 9, 12-a moratorium period of 1 month is granted for vacating the premises. Thereafter, the tenant will be evicted unless agreed otherwise with the landlord, 13.
17	Orissa	No Provision	No Provision	1-30 days, 2, 3, 4, 8, 9,

18	Pondicherry	7 days	If the landlord, <i>bona fide</i> , requires the building for carrying out repairs or demolitions, which cannot be done without vacating the premises, the Controller may direct the tenant to put the landlord in possession of the building. The tenant shall be put back in the possession of the building after a pre stated time period, failing which the landlord will be penalized.	1-15 days, 2, 3, 4, 5, 6, 7-4 months, 8, 9
19	Punjab and Chandigarh	No Provision	If the house has become unsafe and unfit for human habitation, then the landlord is entitled to recover possession of the house for repairs. If the landlord puts the building to any other use or lets it out to any other tenant other than the tenant evicted from it, the tenant who has been evicted may apply to the Controller for an order directing that he shall be restored to possession of such building or rented land and the Controller shall make an order accordingly.	1-15 days, 2, 3, 4, 6, 7-4 months (if the building is situated in a place other than a hill station), 9, 10, 13

20	Rajasthan	No provision	Landlord may evict tenant to make necessary repairs, but Act silent on the aspect of resettlement.	1-4 months, 2, 3, 4, 6, 7-6 months, 8, 9, 10, 12, 13
21	Sikkim	No Provision	The landlord has the right to eject the tenant for thorough overhauling of the premises, but the tenant so evicted shall have the first right to re-occupy the premises, after overhauling, on such enhanced rent as may be fixed by the Sikkim Darbar	1-4 months, 9
22	Tamil Nadu	7 days	The landlord is entitled to get possession of the building, if <i>bona fide</i> , it is required by him to carry out repairs, alterations or additions, which cannot be carried out without the building being vacated, after which the building will again be offered to the tenant.	1-15 days, 2, 3, 4, 5, 6, 7-4 months (only when the building is situated in place other than a hill station), 8, 9
23	Tripura	15 days	The tenant can be evicted of the building is in such a condition that it needs reconstruction. If the landlord fails to complete the reconstruction within the stipulated time, he will be liable to pay a fine of Rs.500. The tenant shall have the first option to have the reconstructed building	1-15 days, 2, 4, 7-6 months, 8, 9, 12



			allotted to him or take some other course (not specified in the Act)	
24	Uttar Pradesh	7 days	No clear provision	1-4 months, 2, 3, 4, 5, 6, 7 – 4 months, 8, 9, 10, 13
25	West Bengal	No Provision	On direction from the controller, the tenant can be evicted for making certain repairs and rebuilding. The tenant is entitled to reoccupy the building after the repairs.	1-default in payment for 3 months in a period of 12 months, 2, 3, 4, 5, 6, 7-10 months, 9, 11, 14

#### Eviction Rights Key:

1. **Non payment of rent** within the stipulated time period
2. **Sub letting** the entire building or portions of it without due authority and permission
3. Using the building for a **purpose other than for which it was leased.**
4. Committing acts, which are likely to **impair materially the value and the utility of the building** or change its identity.
5. **Tenant has been convicted under any law** for using the building or allowing the building to be used for immoral or illegal purposes.
6. The tenant is guilty of such acts, which are a **nuisance to those residing in other portions of the same building** or those in the neighborhood.
7. The tenant has **ceased to occupy the building for a continuous period** of a certain number of months, without reasonable cause.
8. The tenant has **denied the title of the landlord** and claimed the right to permanent tenancy, and the denial and the claim are not *bona fide*.
9. The **landlord requires the building for his own occupation, bona fide.**
10. The tenant is occupying the building as a part of his contract of employment with the landlord and the **occupation has now ceased.**

11. The tenant has given notice to quit, but has **failed to deliver vacant possession of the premises to the landlord in accordance to such notice.**
12. The tenant has **acquired or constructed a house or a flat.**
13. **Immediate eviction of tenant can be undertaken on the expiry of period of limited tenancy** as per provisions of the agreement.
14. **The tenant has** done any act contrary to the provisions of the Transfer of Property Act, 1882.

### ANNEXURE 5 - FAIR RENT PROVISIONS

Serial No.	State	Procedure	Fixation of Standard/Fair Rent (Basis)	Revision in Rent and Other Charges
1	Andhra Pradesh	The Controller shall on application by the tenant or the landlord of a building fix the fair rent for such building after holding such enquiry as he thinks fit.	<p>Following factors will be taken into account:</p> <ul style="list-style-type: none"> <li>• Due regard to the <b>prevailing rates of rent in the locality</b> for similar accommodation in similar circumstances during the 12 months prior to 5<sup>th</sup> April, 1944 AND to the <b>rental value as entered in the property tax assessment book</b> of the concerned local authority relating to the period mentioned above AND to the <b>circumstances of the case</b>, including any amount paid by the tenant by way of premium or any other like sum in relation to rent after 5<sup>th</sup> April, 1944.</li> </ul> <p>Moreover, in case of <b>residential buildings</b>:</p> <ul style="list-style-type: none"> <li>• If the <b>fair rent &lt;=Rs.25</b> per month, then an increase &lt;= 12.5% in the rental value may be allowed.</li> <li>• If the <b>fair rent &gt;Rs.25 and &lt;=Rs.50</b> p.m. an increase &lt;=37.5% may be</li> </ul>	<ul style="list-style-type: none"> <li>• When the fair rent has been fixed under this Act, no further increase in the fair rent shall be allowed except in cases where some <b>necessary addition, improvement or alteration</b> has been carried out at the landlord's expense and if the building is in the occupation of the tenant, at his request. The increase shall be calculated at a rate per annum &lt;=6% of the cost of such changes and the fair rent as increased shall not exceed the fair rent payable under this Act for a similar building in the same locality with such additions, improvements, or alterations.</li> <li>• Also, where the <b>amount of taxes and cesses payable by</b></li> </ul>

allowed.

Provided that in the case of **residential buildings, which have been constructed after the 5<sup>th</sup> April 1944**, the % of increase shall not exceed 37.5% and 56.25% respectively.

In case of **non residential buildings**:

- If the **fair rent  $\leq$  Rs.50 p.m.**, an increase  $\leq$  56.25% may be allowed.
- If the **fair rent  $>$  Rs.50 p.m.**, an increase  $\leq$  75% may be allowed.

In case of a **non residential building**, which has been constructed after 05.04.1944, the % of increase  $\leq$  75% and 150% respectively.

- In the case of a building, the fair rent of which has been **fixed before the commencement of the Act**, the Controller shall, on the application of the tenant allow such increase as in the fair rent as he may consider appropriate.

**the landlord in respect of any building to a local authority is enhanced** after the fixation of the fair rent, the landlord shall be entitled to claim half of such excess from the tenant in addition to the rent payable for the building.

The tenant may also claim a **reduction in the fair rent** if there is a diminution in the accommodation and the amenities.

2	Assam	No Landlord entitled to charge rent higher than the standard rent.	Defined in relation to any house as the rent calculated on the basis of annual payment of an amount equal to 7.5% of the aggregate amount of the estimated cost of construction and the market price of the land together with the total municipal taxes payable in respect of the house and Urban Immovable Property Tax under the Assam Urban Immovable Property Tax Act, 1969.	<ul style="list-style-type: none"> <li>• If at any time after 5 years from the date on which a house is in continuous occupation of a tenant, the <b>market price of the land and estimated cost of construction of the house increases</b> by more than 25% on the basis of the value of land and cost of construction of the house on the date of preceding fixation of fair rent, then the landlord shall be entitled to have monthly rent increased by an amount not exceeding 1/12<sup>th</sup> of the 7.5% of the increase in the market price of land and cost of construction, on the date of the preceding fixation of fair rent from the date as may be prescribed subject to a maximum of 50% of the preceding standard rent.</li> <li>• Provided that <b>subsequently after lapse of every five years of the revision of fair rent</b>, if the market price of the land and estimated cost of construction of the house increases by more than 25% on the basis of the market value of land and cost of construction of the house on the date of preceding revision of fair rent, then the landlord shall be entitled to have monthly rent</li> </ul>
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increased by an amount not exceeding  $1/12^{\text{th}}$  of the 7.5% of the additional increase in the market price of land and the estimated cost of construction of the house on the date of the preceding revision of fair rent from the date as may be prescribed subject to a maximum of 50% of the revised standard rent.

- If at any time after the standard rent is fixed under the provisions of the Act, **any addition, improvement or alteration (not being in the nature of repairs) is effected at the landlord's expense**, which was not taken into consideration in fixing the standard rent, then the landlord shall be entitled to have the monthly rent increased by an amount not exceeding  $1/12^{\text{th}}$  of the 7.5% p.a. of the cost of such addition, improvement or alteration with effect from the date on which the addition, improvement or alteration was completed.
- And if any time after the standard rent is fixed under the provisions of this Act, **there is a variation of tax by way of**

				<p><b>Municipal assessment of the building</b> under the Assam Urban Immovable Property Tax Act, 1969, and then the standard rent will be liable to be fixed taking the variation into account.</p> <ul style="list-style-type: none"> <li>The court may also allow the landlord to charge an <b>additional amount per month on account of the furniture supplied</b> by him, provided that such additional amount shall not exceed 1/12<sup>th</sup> of 7.5% of the cost of furniture on the date on which the Court determines the monthly rent for the house.</li> </ul>
3	Bihar	The Controller shall, on the application of the tenant or the landlord fix the fair rent of a building.	<ul style="list-style-type: none"> <li>In case of <b>buildings in occupation of tenants</b>: When, on application by the landlord or by the tenant, the Controller has reason to believe that the rent of that building is low or excessive, he shall record a summary enquiry and record a finding. If, on consideration of all the circumstances of the case, including any premium amount paid by the tenant in addition to the rent, the Controller is satisfied that the rent of the building is low or excessive he shall determine the fair rent for such building.</li> <li>In case of <b>buildings not in occupation of tenants</b>: The Controller may, on his own motion, and</li> </ul>	When the fair rent has been fixed under this Act, no further increase in the fair rent shall be allowed except in cases where some <b>necessary addition, improvement or alteration</b> not included in the repairs, which the landlord is bound to make under any law, contract or custom, has been carried out at the landlord's expense, the Controller may after making such enquiry, as he thinks fit, re-determine the fair rent of the building .The increase shall not exceed 5/8 <sup>th</sup> of the cost of such changes.

shall on the application of the landlord or a prospective tenant and after making such enquiry, as he may think fit, determine the fair rent for any building not in the occupation of a tenant.

- While fixing the fair rent, the Controller shall have due regard to the **prevailing rates in similar circumstances** at any time during the 12 months preceding the first day of Dec 1980 and the **increased cost of repairs**. In case of buildings constructed after that period, regard shall also be paid to the **general increase in cost of site and construction**.
- Where the Controller is satisfied, on an application made to him by the landlord, that the **rent of the building so fixed is low**, the Controller shall, in determining the fair rent of such building, fix the rent at a figure which shall not be less than the average monthly rent actually paid for the same or similar accommodation by any tenant over the period of 12 months preceding 1<sup>st</sup> Dec 1980, increased by not more than 25% of the average monthly rent so received by the landlord during the aforesaid period in addition to the enhancement, if any, in account of the increased cost of repairs or the general

			increase in the cost of sites and building construction, where such enhancement is admissible.	
4	Delhi	Rent in excess of Standard Rent not recoverable, except where rent is liable to periodical increase by virtue of an agreement entered into before the 1 <sup>st</sup> of January 1939.	<p>Standard rent in relation to any premises means:</p> <p>In the case of <b>residential premises:</b> (where such premises have been let out at any time <b>before the 2<sup>nd</sup> day of June 1944</b>)</p> <ul style="list-style-type: none"> <li>• If the basic rent (as determined in the Second Schedule) of such premises <math>\leq</math>Rs.600 p.a., the basic rent.</li> <li>• If the basic rent of such premises <math>&gt;</math>Rs.600 p.a., the basic rent + 10% of such basic rent.</li> </ul> <p>(where such premises have been let out at any time <b>on or after the 2<sup>nd</sup> day of June 1944</b>)</p> <ul style="list-style-type: none"> <li>• In any case where the rent of such premises has been fixed under the Delhi and Ajmer Merwara Rent Control Act, 1947 or the Delhi and Ajmer Rent Control Act, 1952- <ul style="list-style-type: none"> <li>○ If such rent p.a. <math>\leq</math> Rs.1200, the rent so fixed.</li> <li>○ If such rent p.a. <math>&gt;</math> Rs.1200, the rent so fixed together with 10% of such</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• An increase of 10% in the standard rent after every three years is allowed.</li> <li>• When the fair rent has been fixed under this Act, no further increase in the fair rent shall be allowed except in cases where some <b>necessary addition, improvement or alteration</b> has been carried out at the landlord's expense with the approval of the tenant or the Controller. The standard rent may be increased per year by an amount not exceeding 15% of the cost of the additions.</li> <li>• Where a landlord pays in respect of the premises <b>any charge for electricity or water consumed in the premises or any other charge levied by a local authority</b> having jurisdiction in the area which is ordinarily payable by the tenant, he may recover from the tenant</li> </ul>



rent.

- In any other case, the rent calculated on the basis of 7.5% p.a. (8.25% if the rent so calculated exceeds Rs.1200 p.a.) of the aggregate amount of the reasonable cost of construction and the market price of land comprised in the premises on the date of the commencement of the construction.

In the case of **non residential premises:**  
(Where the premises have been let out at any time **before the 2<sup>nd</sup> day of June, 1944**)

- The basic rent of such premises together with 10% of such basic rent (if the rent so calculated > Rs.1200 p.a., a rate of 15% will be used)

(Where the premises have been let out ant any time **on or after 2<sup>nd</sup> June 1944**)-

- In any case where the rent of such premises has been fixed under the Delhi and Ajmer-Merwara Rent Control Act, 1947 or the Delhi and Ajmer Rent Control Act, 1952-
  - If such rent p.a. <= Rs.1200, the rent so fixed
  - If such rent p.a. > Rs.1200, the rent so fixed + 15% of such rent.

the amount so paid by him; but the landlord shall not recover from the tenant whether by means of an increase in rent or otherwise the amount of any tax on building or land imposed in respect of the premises occupied by the tenant.

- In any other case, the rent calculated on the basis of 7.5% p.a. of the aggregate amount of the reasonable cost of construction and the market price of the land comprised in the premises on the date of the commencement of the construction (where the rent so calculated exceeds Rs.1200 p.a., a rate of 8.625% shall be used).

Notwithstanding anything mentioned above:

1. In the case of any premises, whether residential or not, **constructed on or after 2 June 1951 but before 9 June 1955**, the annual rent calculated with reference to the rent at which the premises were let out for the month of March, 1958, or if they were not let, with reference to the rent at which they were last let out, shall be deemed to be the standard rent for a period of 7 years from the date of the completion of the construction.
2. In the case of any premises, whether residential or not, **constructed on or after 9 June 1955**, including premises constructed after the commencement of the Act, the annual rent calculated with reference

			to the rent agreed upon between the landlord and the tenant when such premises were first let out, shall be deemed to be the standard rent for a period of 5 years from the date of such letting out.	
5	Goa and Daman & Diu	The Rent Tribunal shall on application by the landlord or the tenant of a building, fix the fair rent payable per annum for such building after holding such enquiry as may be prescribed.	The fair rent payable shall consist of 7.5% of the market value of the building (including the land in which it is constructed) as on the 1 <sup>st</sup> of January, 1965, or the date of the completion of the building, whichever is later AND 50% of the taxes or cesses levied by the local authority and payable per annum by the landlord in respect of the building including the land on which it is constructed. If the building has been let out for the first time previous to the 1 <sup>st</sup> day of January 1965 the fair rent shall not exceed the rent payable in respect of such building on that date.	<ul style="list-style-type: none"> <li>• Where the fair rent of a building has been fixed under this Act, nor further increase in such fair rent shall be permissible except in cases where some <b>addition, improvement or alteration has been carried out the landlord's expense</b> and, if the building is then in occupation of the tenant, at his request. The increase shall be calculated at a rate not exceeding 7.5% p.a. of the cost of such changes, from the date of completion of such work.</li> <li>• Also, where the <b>amount of taxes and cesses payable by the landlord in respect of a building to a local authority is enhanced</b> or is levied for the first time after the fixation of the fair rent, the landlord shall be entitled to claim half of such excess of levy from the tenant in addition to the fair rent fixed.</li> <li>• If there is a <b>decrease in the in the accommodation provided,</b></li> </ul>

				the tenant may claim a reduction in the fair rent as so fixed.
6	Gujarat	Illegal for any landlord to charge a rent higher than the standard rent for a building.	<p>Standard Rent in relation to any premises means:</p> <ol style="list-style-type: none"> <li>1. Where the standard rent is fixed by the Court and the Controller respectively under the Bombay Rents Restriction Act, 1939 or the Bombay Rents, Hotel Rates and Lodging House Rates (Control) Act, 1944 such standard rent; or</li> <li>2. Where the standard rent is not so fixed: <ol style="list-style-type: none"> <li>a. The rent at which the premises were let out on 1<sup>st</sup> September 1940.</li> <li>b. Where they were not let on 1<sup>st</sup> September 1940, the rent at which they were last let before that day, or</li> <li>c. Where they were first let after the 1<sup>st</sup> day of September 1940, the rent at which they were first let, or</li> <li>d. In any of the cases specified in section 11, the rent fixed by the court;</li> <li>e. The rent of newly constructed premises after the exemption period of 5 years, shall not exceed the amount equivalent to the amount of net return of 15%, on the investment in the land and buildings and all the outgoings in respect of such premises; or</li> </ol> </li> </ol>	<ul style="list-style-type: none"> <li>• A landlord shall be entitled to make such increase in the rent of the premises as may be reasonable for an <b>improvement or structural alteration</b> of the premises which has been made with the consent of the tenant given in writing.</li> <li>• The landlord shall further be entitled to make an increase in the rent of the premises by an addition to the rent in the manner prescribed of an amount <math>\leq 15\%</math> p.a. of the expenses incurred on account of <b>special additions</b> to the premises or <b>special alterations</b> made therein or additional amenities provided.</li> <li>• The landlord shall also be entitled to make, on account of <b>special or heavy repairs</b>, a temporary increase in the standard rent <math>\leq 18\%</math> of the previous standard rent.</li> <li>• Where a landlord is required to pay to Government or to any local authority, in respect of any premises <b>any fresh rate, cess, charge, tax</b> etc. he shall be entitled to make an increase in</li> </ul>

f. The rent fixed by the Court.

A landlord shall also be entitled to make the following additions in case of premises which were let on or before the 1<sup>st</sup> Day of September 1940:

In case of:

1. Residential premises the rent of which  $\leq$  Rs.20 p.m., an increase  $\leq$  5% of the standard rent.
2. Residential premises the rent of which  $>$  Rs.20 p.m. but  $\leq$  Rs.80 p.m., an increase  $\leq$  7.5% of the standard rent.
3. Residential premises the rent of which  $>$  Rs.80 p.m., an increase  $\leq$  10% of the standard rent.
4. Non residential premises (other than the last 5 and 6 below):
  - The rent of which  $\leq$  Rs.50 p.m., an increase  $\leq$  7.5% of the standard rent.
  - The rent of which  $>$  Rs.50 p.m., an increase  $\leq$  12.5% of the standard rent.
5. Premises, interest in which is transferred under the proviso to sub section 1 of Section 15 on or after the date of the coming into force of the Bombay Rents, Hotel and Lodging House Rates Control (Second Amendment) Act, 1953 as incidental to the sale of business together with the stock in trade and goodwill thereof, an increase  $\leq$  25%

the rents of such premises. The increase in rent shall not exceed the amount of any such rate, cess, charge or tax.

			of the standard rent. 6. Premises used for the purpose of a Cinema, an increase $\leq$ 50% of the standard rent.	
7	Haryana	The Controller shall, on application by the tenant or the landlord of a building fix the fair rent after holding an appropriate enquiry.	<p>In fixing the fair rent, the Controller shall first determine the <b>basic rent</b> which shall be:</p> <ol style="list-style-type: none"> <li>1. In respect of the buildings the construction whereof was <b>completed in or before 31 Dec, 1967</b>, or land let out before the said date, the rent prevailing in the locality for similar building or rented land let out to a new tenant during the year 1962.</li> <li>2. In respect of the buildings the construction whereof is <b>completed after 31 Dec, 1961</b> or land let out after the said date, rent agreed upon between the landlord and the tenant preceding the date of application, or where the rent has been agreed upon, the basic rent shall be determined on the basis of the rent prevailing in the locality for similar building or rented land at the date of application.</li> </ol> <p>In fixing the fair rent the Controller may allow an increase or decrease on the basic rent determined as above, not exceeding 25% p.a. of the rise or the fall in the general price level since the date of agreed rent or the date of application, as the case</p>	No <b>increase allowed for five years</b> once the fair rent has been fixed. After that increase allowed when there is an <b>improvement in the premises</b> at the landlord's expense after the tenant's request or there is an increase in the amount of taxes or cesses payable by the landlord with respect to the rented premises. Decrease may also be done if the quality of the premises deteriorates.

			<p>may be, in accordance with the average of All India Wholesale Price Index Number as determined by the Government of India, for the calendar year immediately preceding the date of application.</p> <p>If the fair rent for building or rented land has been <b>fixed under the East Punjab Urban Rent Restriction Act, 1949</b>, a landlord or a tenant shall be entitled to get its fair rent fixed as above.</p> <p>And if there is a compromise between the parties to the proceedings, the Controller may fix the standard rent as agreed upon. This will be binding only between the parties and the heirs.</p>	
8	Himachal Pradesh	<p>The Controller shall on application by the tenant or the landlord of a building or rented land fix the fair rent for such building or rented land after holding an appropriate enquiry.</p>	<p>The Controller shall first fix the basic rent taking into consideration:  <b>The prevailing rates of rent in the locality</b> for similar accommodation in similar circumstances during the 12 months prior to 15<sup>th</sup> August 1947 AND the <b>rent value of such building or rented land if entered in property tax assessment register</b> of the municipal corporation.</p> <p>In fixing the fair rent of a <b>residential building</b> the Controller may allow, if the basic rent-  <b>(In case of a building in existence before 15<sup>th</sup> Aug 1947)</b>      &lt;=Rs.25 p.m., an increase &lt;=10% on such basic rent      &gt;Rs.25 p.m. and &lt;=Rs.50 p.m., an</p>	<p>No increase in rent except when there is an <b>improvement or an alteration in the premises at the expenditure of the landlord, at the tenant's request</b> or when there is an <b>increase in the taxes and the cesses</b> payable with respect to the building tenanted out. No provisions for a decrease in fair rent.</p> <p>The increased rent shall not exceed the rent for a similar building in the same locality with such additional improvement or alteration and it shall not be chargeable until such addition, improvement or alteration has been completed. The amount of the increase owing to the increase in</p>

increase  $\leq 15\%$  on such basic rent.  
 $>Rs.50$  p.m., an increase  $\leq 25\%$  on  
such basic rent.

(In case of a **building constructed  
between 15<sup>th</sup> Aug 1947 and 15<sup>th</sup> Aug  
1966**)

$\leq Rs.25$  p.m., an increase  $\leq 25\%$  on  
such basic rent  
 $>Rs.25$  p.m. and  $\leq Rs.50$  p.m., an  
increase  $\leq 40\%$  on such basic rent.  
 $>Rs.50$  p.m., an increase  $\leq 50\%$  on  
such basic rent.

(In case of a **building constructed  
between 16<sup>th</sup> Aug 1966 and 15<sup>th</sup> Aug  
1971**)

$\leq Rs.25$  p.m., an increase  $\leq 40\%$  on  
such basic rent  
 $>Rs.25$  p.m. and  $\leq Rs.50$  p.m., an  
increase  $\leq 65\%$  on such basic rent.  
 $>Rs.50$  p.m., an increase  $\leq 75\%$  on  
such basic rent.

In fixing the fair rent of a **scheduled  
building** the Controller may allow, if the  
basic rent:

(In case of a building in **existence before  
15<sup>th</sup> Aug 1947**)

$\leq Rs.25$  p.m., an increase  $\leq 15\%$  on  
such basic rent  
 $>Rs.25$  p.m. and  $\leq Rs.50$  p.m., an  
increase  $\leq 20\%$  on such basic rent.  
 $>Rs.50$  p.m., an increase  $\leq 30\%$  on  
such basic rent.

the cesses and taxes shall not  
exceed the increase in the amount of  
such taxes.



(In case of a **building constructed between 15<sup>th</sup> Aug 1947 and 15<sup>th</sup> Aug 1966**)

1.  $\leq$ Rs.25 p.m., an increase  $\leq$ 30% on such basic rent
2.  $>$ Rs.25 p.m. and  $\leq$ Rs.50 p.m., an increase  $\leq$ 45% on such basic rent.
3.  $>$ Rs.50 p.m., an increase  $\leq$ 55% on such basic rent.

(In case of a **building constructed between 16<sup>th</sup> Aug 1966 and 15<sup>th</sup> Aug 1971**)

- $\leq$ Rs.25 p.m., an increase  $\leq$ 45% on such basic rent
- $>$ Rs.25 p.m. and  $\leq$ Rs.50 p.m., an increase  $\leq$ 70% on such basic rent.
- $>$ Rs.50 p.m., an increase  $\leq$ 80% on such basic rent.

In fixing the fair rent of a **non residential building and rented land** the Controller may allow, if the basic rent:

(In case of a building in **existence before 15<sup>th</sup> Aug 1947**)

- $\leq$ Rs.25 p.m., an increase  $\leq$ 30% on such basic rent
- $>$ Rs.25 p.m. and  $\leq$ Rs.50 p.m., an increase  $\leq$ 50% on such basic rent.
- $>$ Rs.50 p.m., an increase  $\leq$ 60% on such basic rent.

(In case of a **building constructed between 15<sup>th</sup> Aug 1947 and 15<sup>th</sup> Aug 1966**)

			<p>&lt;=Rs.25 p.m., an increase &lt;=40% on such basic rent          &gt;Rs.25 p.m. and &lt;=Rs.50 p.m., an increase &lt;=60% on such basic rent.          &gt;Rs.50 p.m., an increase &lt;=100% on such basic rent.</p> <p>(In case of a <b>building constructed between 16<sup>th</sup> Aug 1966 and 15<sup>th</sup> Aug 1971</b>)</p> <ol style="list-style-type: none"> <li>1. &lt;=Rs.25 p.m., an increase &lt;=50% on such basic rent</li> <li>2. &gt;Rs.25 p.m. and &lt;=Rs.50 p.m., an increase &lt;=70% on such basic rent.</li> <li>3. &gt;Rs.50 p.m., an increase &lt;=140% on such basic rent.</li> </ol>	
9	Jammu & Kashmir	The Controller shall, on application by either landlord or tenant, fix the fair rent.	<p>The fair rent shall be fixed as under:</p> <ul style="list-style-type: none"> <li>• Where the provisions of Schedule A apply and there is no cause for alteration of the rate for fair rent as determined according to the Schedule for any of the reasons mentioned in the relevant clauses, in accordance with the provisions of Schedule A.</li> <li>• Where any house or shop is let at rent which includes payment in respect of the use of furniture, the Controller may, on application of the tenant made within 6 months of the beginning of the tenancy reduce the portion of the rent which according to the Controller was added in respect of the use of the furniture to a fair and reasonable amount if he finds that such portion of</li> </ul>	<ul style="list-style-type: none"> <li>• Where during the currency of a fair rent payable for any house or shop there has been an <b>increase in the municipal taxes, rates or cesses</b> in respect of the house or shop the fair rent shall be increased by adding to it the amount of such increase as is payable by the landlord by agreement with the tenant, over and above what is payable by the landlord himself under the local municipal law.</li> <li>• Where during the currency of a fair rent payable for any house or shop the landlord has made some <b>addition, alteration or improvement in the house or</b></li> </ul>

			<p>the rent was unduly high; and the resultant rent stated by the Controller shall be deemed to be fair rent.</p> <ul style="list-style-type: none"> <li>• Where any house or shop has been wholly or substantially constructed after the last day of Chet, 2005 by fixing the fair rent payable for one year at a rate not less than 4% and not more than 6% of the reasonable cost of construction + reasonable price of land on the date of commencement of such construction.</li> <li>• If no provisions of this Act apply to any premises, the fair rent shall be determined at a rate, by the Controller, which is fair and reasonable.</li> </ul>	<p><b>shop</b>, not being tenantable repairs necessary or useful for such house or shop by adding to such fair rent payable in one year 10% of the amount reasonably spent by the landlord in making the said addition, alteration or improvement, the added amount being divided amongst installments for payment of rent of the year as would be just and convenient.</p> <ul style="list-style-type: none"> <li>• Where during the currency of a fair rent the <b>landlord has supplied any furniture</b> for use of the tenant in the house or shop, the rent can be increased by adding to such fair rent payable in one year, 10% of the price of the said furniture as on the day they are supplied, the added amount being divided amongst installments for payment of rent of the year as would be just and convenient.</li> </ul>
10	Karnataka	The Controller shall, on an application made to him on this behalf, fix the standard rent of any premises (it	<p>The rent payable in relation to a premises shall be:</p> <ul style="list-style-type: none"> <li>• The rent agreed to between the landlord and the tenant as enhanced in the manner prescribed, or</li> <li>• The standard rent specified as under.</li> </ul> <p>Standard rent in relation to any premises shall be the rent calculated on the basis of</p>	<p>A tenant shall also be liable to pay the landlord the following charges besides the standard rent:</p> <ol style="list-style-type: none"> <li>1. Charges, &lt;15% of the rent for the amenities as specified in the 4<sup>th</sup> Schedule or as agreed between the landlord and the tenant.</li> </ol>

		won't be permissible for the landlord to apply for the fixation of standard rent in case of a tenancy entered into before the commencement of the act.	10% of the aggregate of the <b>actual cost of construction</b> of the premises and the <b>price of the land</b> on the date of commencement of the construction. Decided by the Rent Controller.	<ol style="list-style-type: none"> <li>2. Maintenance charges at the rate of 10% of the rent.</li> <li>3. The pro rata property tax in relation to the premises.</li> <li>4. The amount paid by the landlord towards charges for electricity or water or other charges levied by a local or other authority.</li> </ol> <p>Where a landlord has, with the written approval of the tenant incurred expenditure for any improvement, <b>addition or structural alteration in the premises</b>, not being expenditure on decoration or tenantable repairs necessary or usual for such premises, and the cost of that improvement has not been taken into account in determining the rent of the premises, the landlord may lawfully increase the rent per year by an amount &lt; 10% of such cost. The tenant may claim a decrease in the fair rent if there is deterioration in the quality of the premises.</p>
11	Kerala	The Rent Control Court shall, on application of the tenant or landlord of a building, fix the	<b>The court shall take into consideration</b> the property tax or house tax fixed for the building at the time of letting in the property tax register or house tax register of the local authority. If there is no house tax or property tax fixed for the building then, rents for similar property in similar	<ul style="list-style-type: none"> <li>• No further increase in the fair rent is permissible except in cases where some <b>improvement or alteration has been carried out at the landlord's expense</b> (fair rent as increased shall not exceed the</li> </ul>

fair rent for such building after holding such enquiry as it thinks fit.

circumstances during the 12 months preceding the letting.

- In case of a **residential building or a non residential building** (excepting those to which fittings have been affixed or in which machinery have been installed and such fittings or machinery have been excluded from valuation for the purpose of fixing the property tax or house tax by a local authority), the fair rent fixed may in proper cases be lower than, but shall in no case > 15% of the monthly rent on the basis of which the property tax or the house tax for the building, prevailing two years immediately before the date of the application, was fixed, or if the building was not assessed to property tax or house tax before the said period of 2 years, the monthly rent on the basis of which the property tax or house tax prevailing immediately before the date of application was fixed.
- **If there is no property tax or house tax fixed for the building** or if it is not based on a rental basis or if the building is situated in an area which is not a City, Municipality, Panchayat or in any other local authority, the fair rent shall be fixed after taking into consideration the prevailing rates of rent in the locality for similar accommodation in similar circumstances during the 12

fair rent payable under this Act for a similar building in the same locality with such additions, improvements, or alterations and it shall not be chargeable until such changes have been completed) or when there is an **increase in the amount of taxes and cesses payable for the building rented out** (increase in rent cannot exceed 5% of the original fair rent).

- Tenant may also claim a **reduction in the rent owing to deterioration** in the accommodation quality.

12	Madhya Pradesh	No tenant shall be liable to pay to his landlord, for the occupation of any accommodation any amount in excess of the standard rent of the accommodation.	<p>months preceding the letting.</p> <p>Standard Rent in relation to any accommodation means-</p> <p>a) Where reasonable annual rent or fair rent has been <b>fixed by a competent authority</b> under the repealed Act or prior to the commencement of the repealed Act, as the case may be, by a competent authority under the enactment for the time being in force, such reasonable fair rent.</p> <p>b) 1) Where the <b>accommodation was let out on or before the 1<sup>st</sup> day of Jan, 1948</b> and the reasonable annual rent or fair rent has not been so fixed, the rent of that accommodation as shown in the Municipal Assessment Register or as was realized on the 1<sup>st</sup> day of January, 1948, whichever is less; or</p> <p>2) Where the <b>accommodation was not let out on or before the 1<sup>st</sup> day of January, 1948</b>, the rent of that accommodation as shown in the Municipal Assessment Register or as could be realized on the 1<sup>st</sup> day of January, 1948, whichever is less; increased-</p> <p>1) In the case of a residential accommodation and accommodation used for education purposes, by 35% of</p>	No further increase in the fair rent is permissible except in cases where some <b>improvement or alteration</b> (not being in the nature of decoration or necessary tenantable repairs) <b>has been carried out at the landlord's expense</b> , with the approval of the tenant (increase can't exceed 10% of the rent payable for the time being) or when there is an <b>increase in the amount of taxes and cesses payable for the building rented out</b> .
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such rent

- 2) In case of other accommodation, by 70% of such rent
  - 3) In case the tenant is not liable to pay the municipal tax and there has been any increase in municipal tax subsequent to 1<sup>st</sup> day of Jan 1948, by an amount equal to such increase.
- c) In case of accommodation not falling in (a) or (b) above:
- 1) If the **accommodation is separately assessed to municipal assessment**, the annual rent according to such assessment + 15% thereon;
  - 2) If only a **part of the accommodation is so assessed**, the proportionate amount of the annual rent for the whole accommodation according to such assessment + 15% thereon.
  - 3) If the **accommodation is not so assessed-**
    - i. The annual rent calculated with reference to the rent agreed upon between the landlord and the tenant when such accommodation is first let out, and if it has not been so let out, to such amount for which it

			<p>could be let out immediately after its construction was completed.</p> <p>ii. The annual rent calculated on the basis of annual payment of an amount equal to 6.75% of the aggregate amount of the actual cost of construction and the market price of the land comprised in the accommodation on the date of the commencement of the construction;</p>	
13	Maharashtra	It shall not be lawful to claim or receive on account of rent, for any premises, any amount above the standard rent and the permitted increase, unless the landlord was, before the commencement of the act, entitled to	<p>whichever is less.</p> <p><b>Standard rent</b> in relation to any premises means:</p> <ol style="list-style-type: none"> <li>1. Where the <b>standard rent is fixed by the court</b> or the Controller under the Bombay Rent Restriction Act, 1939, or the Bombay Rents, Hotel Rates and Lodging House Rates (Control) Act, 1944, or the Bombay Rents, Hotel and Lodging House Rates Control Act, 1947, or the Central Provinces and Berar Letting of Houses and Rent Control Order, 1949, or the Hyderabad Houses (Rent, Eviction and Lease) Control Act, 1954, such rent + an increase of 5%.</li> <li>2. Where the <b>standard rent is not so fixed</b>, then:</li> </ol>	<p>An <b>increase of 4% per annum</b> is permitted.</p> <p>Also, <b>increase allowed when there is an improvement in the premises at the landlord's expense and after the written approval of 70% of the tenants'</b> or there is an increase in the amount of taxes or cesses payable by the landlord with respect to the rented premises. Decrease may also be done if the quality of the premises deteriorates.</p>



		receive such amount under any of the repealed acts.	<p>a. The rent at which the premises were let on the 1<sup>st</sup> day of October, 1987</p> <p>b. Where the premises were not let on the 1<sup>st</sup> day of October, 1987, or the rent at which they were let before that day + an increase of 5%, the rent of the premises let before 1.9.1987 or the rent fixed by the court.</p>	
14	Meghalaya	No landlord shall be entitled to charge rent for any house at a figure higher than the standard rent.	Standard rent in relation to any house refers to the rent calculated on the basis of annual payment of an amount equal to 7.5% of the <b>aggregate amount of the estimated cost of construction and the market price of the land together with the total municipal taxes</b> payable in respect of the house and Urban Immovable Property Tax and Assam Urban Immovable Property Tax, 1969.	<ul style="list-style-type: none"> <li>• If at any time after 5 years from a date on which a house is in continuous occupation of a tenant, <b>the market price of the land and the estimated cost of construction of the house increase</b> by more than 25% on the basis of the value of land and cost of construction of the house on the date of preceding fixation of fair rent, then the landlord shall be entitled to have the monthly rent increased by an amount <math>&lt; 1/12^{\text{th}}</math> of the 7.5% of the increase in the market price of land and cost of construction, on the date of preceding fixation of fair rent from the date as may be prescribed, subject to a maximum of 50% of the preceding standard rent. After lapse of every 5 years of the</li> </ul>

revision of the fair rent, if the market price of the land and the estimated cost of construction increase by more than 25% of the basis of market value of land and the estimated cost of construction on the date of preceding revision of fair rent, then the landlord shall be entitled to have monthly rent increased by an amount  $< 1/12^{\text{th}}$  of the 7.5% of the additional increase in the market value of the land and the estimated cost of construction on the date of the preceding revision of the fair rent, from the date as may be prescribed subject to a maximum of 50% of the revised fair rent.

- No further increase in the fair rent shall be allowed except in cases where some **necessary addition, improvement or alteration has been carried out at the landlord's expense**. The increase shall be  $< 1/12^{\text{th}}$  of 7.5% p.a. of the cost of such additions.
- If there is a **variation of tax by way of Municipal assessment of the building** and under the Assam Urban Immovable Property Act, 1969, then the

				standard rent will be liable to be fixed taking the variation into account.
15	Mizoram	No landlord shall be entitled to charge rent for any house at a figure higher than the standard rent.	Standard rent is defined as the rent calculated on the basis of annual payment of amount equal to 12% of the aggregate amount of the estimated cost of construction (less depreciation @ 2% p.a. for a building with non pucca structure, from the date of completion of construction) and the market price of the land together with the total taxes payable in respect of the house, and the monthly rent shall be equal to 1/12 <sup>th</sup> of the annual payment so calculated.	<ul style="list-style-type: none"> <li>• If at any time after the standard rent is fixed under the provisions of the Act, any <b>addition, improvement or alteration is effected at the landlord's expenses</b> which was not taken into consideration in fixing the standard rent, then the landlord shall be entitled to have the monthly rent increased by an amount not exceeding 1/12<sup>th</sup> of 12% p.a. of the cost of such addition, improvement or alteration with effect from the date on which such changes were completed.</li> <li>• If at any time after five years from the date on which a house is in continuous occupation of a tenant, <b>the market price of the land and the estimated cost of construction of the house increase by more than 15%</b> on the basis of the value of the land and the cost of construction of the house on the date of preceding fixation of the fair rent, then the landlord shall be entitled to have monthly rent increased by an amount <math>&lt; 1/12^{\text{th}}</math></li> </ul>

				<p>of the 12% of the increase in the market price of the land and the cost of construction, on the date of preceding fixation of fair rent from the date as may be prescribed subject to a maximum of 50% of the preceding standard rent.</p> <ul style="list-style-type: none"> <li>• Subsequently, after lapse of every five years of the revision of the fair rent, if the market price of the land and the estimated cost of construction of the house increase by more than 15% on the basis of the value of the land and the cost of construction of the house on the date of preceding fixation of the fair rent, then the landlord shall be entitled to have monthly rent increased by an amount <math>&lt; 1/12^{\text{th}}</math> of the 7.5% of the additional estimated cost of construction of house on the date of preceding fixation of fair rent, from the date as may be prescribed subject to a maximum of 50% of the revised fair rent.</li> </ul>
<p>16</p>	<p>Model Law</p>	<p>The Standard rent so derived, shall be applicable to all existing</p>	<ul style="list-style-type: none"> <li>• Standard Rent to be fixed on the basis of 10% or such percentage return as State Govt. may decide on total cost consisting of two components viz., market value of land in the year of</li> </ul>	<ul style="list-style-type: none"> <li>• The rents of the tenancies are to be raised gradually over a specified period according to a specified schedule.</li> <li>• To lighten the burden of</li> </ul>

		tenancies.	<p>commencement of construction enhanced in the manner prescribed below and cost of construction, plus, where applicable, the cost of renovations or major repairs.</p> <ul style="list-style-type: none"> <li>• The Standard Rent so derived is increased by a certain percentage to arrive at Standard Rent for a given year. This percentage can vary from state to state and may be higher for non-residential premises.</li> <li>• To this standard rent is added, charges relating to maintenance and amenities and payable taxes on pro rate basis to derive the total amount payable by the tenant, which is to be applicable to all existing tenancies.</li> </ul>	<p>incremental rent on the tenants, a longer adjustment period form 5 to 7 years can be considered by individual states. (The tenant can vacate the premises any time during the adjustment premises and any new tenancy during this period will bear the same rent as is specified in the adjustment schedule)</p> <ul style="list-style-type: none"> <li>• Revision of standard rent initially fixed, after a period of every 3 years on the basis of criteria notified by the State Governments.</li> </ul>
17	Orissa	No landlord shall be entitled to charge rent for any house at a sum higher than the fair rent.	<p>Fair Rent refers to the rent considered reasonable having regard to the situation, locality, condition of the premises, amenities provided therein and the rental value fixed by the local authority, if any. Any landlord or any tenant may make an application to the Controller for fixing of the fair rent. Pending final decision on the application the Controller shall fix a provisional rent. Final decisions when made shall be deemed to have taken effect from the date of the application and all amounts paid as provisional rent shall be adjusted towards payment of final rent.</p>	<ul style="list-style-type: none"> <li>• Where the fair rent of a building has been fixed under this Act, nor further increase in such fair rent shall be permissible except in cases where some <b>addition, improvement or alteration, not being in the nature of necessary repairs</b> usually made to the houses in that locality, has been carried out the landlord's expense. The increase shall be calculated at a rate not exceeding 7.5% p.a. of the cost of such changes from the date of completion of such work.</li> <li>• Also when the Controller is</li> </ul>

				<p>satisfied that there is a <b>general rise in the value of houses and house sites</b> in any Municipality or in any area within the jurisdiction of any other local authority and that such municipality or other local authority has imposed a higher rate of holding tax on the annual value of the holding in the locality, he may redetermine the fair rent in such cases as he may think fit, commensurate with the enhancement in the holding tax.</p>
18	Pondicherry	<p>The Controller shall, on application by the tenant or the landlord of a building and after holding appropriate enquiry, fix the fair rent of the building</p>	<p>The fair rent shall be fixed in accordance with the principles mentioned below:</p> <ul style="list-style-type: none"> <li>• The fair rent for a <b>residential building</b> shall be at 6% gross return per annum on the total cost of the building [the cost of construction minus the depreciation + the market value of the portion of the site on which the residential building is erected + other allowances made for consideration of locality (such allowances shall not exceed 10% of the cost of construction)].</li> <li>• The fair rent for a <b>non residential building</b> shall be at 9% gross return per annum on the total cost of the building [the cost of construction minus the depreciation + the market value of the portion of the site on which the</li> </ul>	<p>When the fair rent has been fixed under this Act, no further increase in the fair rent shall be allowed except in cases where some <b>necessary addition, improvement or alteration</b> has been carried out at the landlord's expense and at the tenant's request. The increased rent shall not exceed the rent for a similar building in the same locality with such additional improvement or alteration.</p> <p>The tenant may also claim a <b>reduction in the fair rent if there is a diminution in the accommodation</b> and the amenities.</p>

			residential building is erected + other allowances made for consideration of locality (such allowances shall not exceed 25% of the cost of construction)].	
19	Punjab and Chandigarh	The Controller shall, on application by the tenant or the landlord fix the basic rent of a building after holding such an enquiry as he thinks fit.	<p>The Controller shall first fix a basic rent taking into consideration: The prevailing rates of rent in the locality for similar accommodation in similar circumstances during the 12 months prior to 1<sup>st</sup> Jan 1939 AND the rent value of such building or rented land if entered in property tax assessment register of the municipal corporation. In fixing the fair rent of a <b>residential building</b> the Controller may allow, if the basic rent-</p> <p>(In case of a building in <b>existence before 1<sup>st</sup> Jan 1939</b>)</p> <ol style="list-style-type: none"> <li>1. <math>\leq</math>Rs.25 p.m., an increase <math>\leq</math>8.5% on such basic rent</li> <li>2. <math>&gt;</math>Rs.25 p.m. and <math>\leq</math>Rs.50 p.m., an increase <math>\leq</math>12.5% on such basic rent.</li> <li>3. <math>&gt;</math>Rs.50 p.m., an increase <math>\leq</math>25% on such basic rent.</li> </ol> <p>(In case of a <b>building constructed on or after 1<sup>st</sup> Jan 1939</b>)</p> <ol style="list-style-type: none"> <li>1. <math>\leq</math>Rs.25 p.m., an increase <math>\leq</math>25% on such basic rent</li> <li>2. <math>&gt;</math>Rs.25 p.m. and <math>\leq</math>Rs.50 p.m., an increase <math>\leq</math>37.5% on such basic rent.</li> </ol>	<ul style="list-style-type: none"> <li>• Where the fair rent of a building has been fixed under this Act, nor further increase in such fair rent shall be permissible except in cases where some <b>addition, improvement or alteration</b> has been carried out the landlord's expense and, if the building is then in occupation of the tenant, at his request. The increased rent shall not exceed the rent for a similar building in the same locality with such additional improvement or alteration and it shall not be chargeable until such changes are completed.</li> <li>• Also, the landlord shall be entitled to increase the rent of the building or rented land if after the commencement of the Act, a <b>fresh rate, cess or tax is levied</b> in respect of the building or rented land by any local authority, or if there is an increase in the amount of such a rate, cess or tax being levied at the commencement of the Act,</li> </ul>

3. >Rs.50 p.m., an increase  $\leq 50\%$  on such basic rent.

In fixing the fair rent of a **scheduled building** the Controller may allow, if the basic rent:

(In case of a building in **existence before 1<sup>st</sup> Jan 1939**)

1.  $\leq$ Rs.25 p.m., an increase  $\leq 13.5\%$  on such basic rent
2. >Rs.25 p.m. and  $\leq$ Rs.50 p.m., an increase  $\leq 17.5\%$  on such basic rent.
3. >Rs.50 p.m., an increase  $\leq 30\%$  on such basic rent.

(In case of a **building constructed on or after 1<sup>st</sup> Jan 1939**)

1.  $\leq$ Rs.25 p.m., an increase  $\leq 30\%$  on such basic rent
2. >Rs.25 p.m. and  $\leq$ Rs.50 p.m., an increase  $\leq 42.5\%$  on such basic rent.
3. >Rs.50 p.m., an increase  $\leq 55\%$  on such basic rent.

In fixing the fair rent of a **non residential building and rented land** the Controller may allow, if the basic rent:

(In case of a building in **existence before 1<sup>st</sup> Jan 1939**)

1.  $\leq$ Rs.50 p.m., an increase  $\leq 37.5\%$  on such basic rent.
2. >Rs.50 p.m., an increase  $\leq 50\%$  on such basic rent.

(In case of a **building constructed on or**

provided that the increase in rent shall not exceed the amount of any such rate, cess or tax or the amount of the increase in such rate, cess or tax, as the case may be.



			<p><b>after 1st Jan 1939)</b></p> <ol style="list-style-type: none"> <li>1. <math>\leq</math>Rs.50 p.m., an increase <math>\leq</math>50% on such basic rent</li> <li>2. <math>&gt;</math>Rs.50 p.m., an increase <math>\leq</math>100% on such basic rent.</li> </ol> <p>Nothing in this section shall be deemed to entitle the Controller to fix the fair rent of a building or rented land at an amount less than the rent payable for such building or rented land under a subsisting lease entered into before the 1<sup>st</sup> day of January, 1939.</p>	
20	Rajasthan	Rent payable for a premises will be as agreed between the landlord and the tenant.	Rent payable for a premises shall be as, subject to other provisions, agreed upon between the landlord and the tenant and shall not include the charges payable for amenities.	<ul style="list-style-type: none"> <li>• If the premises were let out <b>before the commencement of the Act:</b> <ol style="list-style-type: none"> <li>1. Where the premises have been let out prior to 1<sup>st</sup> Jan, 1950, it shall be deemed to have been let out on 1<sup>st</sup> Jan, 1950 and the rent payable at that time shall be liable to be increased at the rate of 7.5% p.a. and the amount of increase in rent shall be merged in such rent after 10 years. The amount of rent so arrived shall again be liable to be increased at the rate of 7.5% p.a. in similar manner up to the year of the commencement of the Act.</li> <li>2. Where the premises have been let out on or after 1950,</li> </ol> </li> </ul>

the rent payable at the time of commencement of the tenancy shall be liable to be increased at the rate of 7.5% p.a. and the amount of increase in rent shall be merged in such rent after 10 years. The amount of rent so arrived shall again be liable to be increased at the rate of 7.5% p.a. in similar manner up to the year of the commencement of the Act.

In cases where the period of 10 years for the merger of rent is not completed up to the year of the commencement of the Act, the rent at the rate of 7.5% p.a. shall be increased up to the year of the commencement of the Act and the amount of increase in rent shall be merged in rent.

The rent arrived at above, after completion of each year from the year of the commencement of the Act, shall again be liable to be increased and paid at the rate of 5% p.a. and the amount of increase in rent shall be merged in such rent after 10 years. Such rent shall further be liable to be increased at similar rate and merged in similar manner till the tenancy subsists.

- In case of **new tenancies**:
  1. In absence of any other agreement to the contrary, the rent of the premises let out after the commencement of the Act shall be liable to be increased at the rate of 5% p.a. and the amount of increase of rent shall be merged in such rent after 10 years. Such rent further liable to be increased at the similar rate and merged in similar manner till the tenancy subsists.
  2. Any agreement for increase in rent > 5% p.a. shall be void to that extent.

21	Sikkim	No tenant shall be liable to pay rent for accommodation within the Bazaar area in excess of the standard rent fixed for such accommodation.	Standard rent shall be fixed as follows: Market value of the premises on the date this Act comes into force shall be fixed by the Sikkim Darbar. In fixing the market value, the competent authority would take the opinion of such responsible members of the public including the owner of the premises, as may be deemed fit so as to ensure a just evaluation. The rent so fixed would remain valid for 5 years. The standard rent shall be the 9% per year of the market value of the premises.	<ul style="list-style-type: none"> <li>• Where, during the currency of a standard rent payable for any premises, there is an <b>increase in the ground rent payable to the Darbar in respect of the premises</b>, the landlord may enhance the rent to the extent of the increase in such ground rent, subject to the approval of the Darbar.</li> <li>• Where, during the currency of a standard rent payable for any premises, the <b>landlord has, on the request of the tenant, made some addition, alteration or improvement in the premises</b>, the landlord shall be entitled to a proportionate increase in the standard rent.</li> </ul>
22	Tamil Nadu	The Controller shall on application made by the tenant or the landlord of a building and after holding such enquiry as he thinks fit, fix the fair rent for such building in accordance with the principles	The fair rent for any residential (non residential) building shall be <b>9% (12%) gross return per annum on the total cost of such building</b> . The total cost shall include the market value of the site, the cost of construction and the cost of amenities provided. The total cost referred to above shall consist of the market value of the site in which the building is constructed, the cost of the construction of the building and the cost of provision of anyone or more of the amenities specified in Schedule I as on the date of application for fixation of fair rent.	<ul style="list-style-type: none"> <li>• No further increase in the fair rent is permissible except in cases where some <b>improvement or alteration has been carried out at the landlord's expense with the approval of the tenant</b> (fair rent as increased shall not exceed the fair rent payable under this Act for a similar building in the same locality with such additions, improvements, or alterations and it shall not be chargeable until such changes</li> </ul>

		set out here.		<p>have been completed).</p> <ul style="list-style-type: none"> <li>• If the <b>taxes and cesses chargeable to the building and payable by the landlord increase</b>, then the landlord shall be entitled to recover such excess from the tenant in addition to the rent payable.</li> <li>• Tenant may also claim a <b>reduction in the rent owing to deterioration</b> in the accommodation quality.</li> </ul>
23	Tripura	The Rent Control Court shall, on application of tenant or landlord of a building fix the fair rent for the building after holding such an enquiry as he thinks fit.	<p>The factor to be taken into consideration is the <b>property tax or house tax</b> fixed for the building at the time of letting.</p> <ul style="list-style-type: none"> <li>• In case of <b>residential buildings and non residential buildings (excepting those in which machinery or fittings have been attached but they are excluded for the purpose of fixing the property/house tax)</b>: the fair rent fixed may in proper cases be lower than, but shall in no case exceed by more than 15% the monthly rent on the basis of which the property tax or house tax before the said period of 2 years, the monthly rent on the basis of which the property tax or house tax prevailing immediately before the date of the application was fixed.</li> <li>• If there is no property tax or house tax fixed for the building or if it is not based</li> </ul>	<ul style="list-style-type: none"> <li>• When the fair rent has been fixed under this Act, no further increase in the fair rent shall be allowed except in cases where some necessary <b>addition, improvement or alteration has been carried out at the landlord's expense</b>. The increased rent shall not exceed the rent for a similar building in the same locality with such additional improvement or alteration.</li> <li>• The tenant may also claim a reduction in the fair rent if there is a <b>diminution in the accommodation and the amenities</b>.</li> <li>• Where the <b>amount of the taxes and the cesses payable</b> by the landlord in respect of any</li> </ul>

	<p>on a rental basis or if the building is situated in an area which is not within a municipality, Panchayat or any other local authority, the fair rent shall be fixed after taking into consideration the prevailing rates of rent in the locality for similar accommodation in similar circumstances during the 12 months preceding the letting.</p> <ul style="list-style-type: none"> <li>• In case the <b>allotment of the building is made by the Accommodation Controller</b>, he may, provisionally fix the fair rent for the building and the Rent Control Court may, on application by an aggrieved party modify the fair rent so fixed.</li> </ul>	<p>building to a local authority has increased after fixation of the fair rent, such increase (&lt; 5% of the original fair rent) shall be recoverable by the landlord from the tenant.</p> <ul style="list-style-type: none"> <li>• The fair rent <b>may be revised only if there is an increase or decrease in the market value of the premises and no revision will take place within five years of the last revision or fixation</b></li> <li>• The rent of a premises payable for a year shall not be increased or decreased by revision by more than 2.5% p.a. of the difference between the market value of the premises on the date of the application for revision and on the date of the last fixation of the fair rent or the commencement of the Act.</li> </ul>
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24	Uttar Pradesh	The rent payable for any building shall be such as may be agreed between the landlord and the tenant, and in absence of any agreement, the standard rent.	<p>Standard rent means:</p> <ol style="list-style-type: none"> <li>1. In the case of a building <b>governed by the old Act</b> [The United Provinces (Temporary) Control of Rent and Eviction Act, 1947] and let out at the time of the commencement of this Act- <ol style="list-style-type: none"> <li>a. Where there is both an agreed rent payable at such commencement as well as a reasonable annual rent, the agreed rent, or the reasonable annual rent (as defined in the old Act), the agreed rent or the reasonable annual rent + 25% thereon whichever is greater.</li> <li>b. Where there is no agreed rent, but there is a reasonable annual rent, the reasonable rent + 25% thereon.</li> <li>c. Where there is neither agreed rent nor reasonable annual rent, the rent as determined under:</li> </ol> </li> </ol> <p>“In the case of a building to which the Old Act, was applicable and which is let out at the time of the commencement of this Act in respect of which there is neither any reasonable annual rent nor any agreed rent or in any other case where there is neither any agreed rent nor any assessment in force, the District Magistrate shall, on an application being made in that behalf, determine the standard rent.</p>	In case of improvements carried out in the premises with the permission of the tenant, an increase not exceeding 1% of the total cost of the improvement.
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In determining the standard rent, the District Magistrate may consider:

- a) The respective market value of the building and if its site immediately before the date of commencement of this Act or the date of letting, whichever is later (called the said date)
- b) The cost of construction, maintenance and repairs of the building
- c) The prevailing rates for similar buildings in the locality immediately before the said date.
- d) The amenities provided in the building,
- e) The latest assessment, if any, of the building.
- f) Any other relevant fact, which appears in the circumstances of the case to be material.

The District Magistrate shall ordinarily consider 10% p.a. on the market value of the building on the said date to be the annual standard rent."



25	West Bengal	<p>No tenant shall be liable to pay to the landlord for the occupation of any premises any amount in excess of the fair rent for that premises, unless such amount is the lawful increase of the fair rent in accordance with the provisions of the act.</p>	<ul style="list-style-type: none"> <li>• The fair rent for a year in respect of any premises constructed and let out after the year 1984, shall be fixed on the basis of annual payment of an amount equal to 6.75% p.a. of the aggregate amount of the actual cost of construction and the market price of the land on the date of the commencement of the construction.</li> <li>• <b>Where a tenancy subsists for 20 years or more</b> in respect of the premises constructed in or before the year 1984, the fair rent shall be determined by adding to the rent as on 1.7.1976 not more than 3 times, and then deducting the increase, if any, in the manner provided in Schedule II, or by accepting the existing rent if such rent is more than the increased rent determined according to that Schedule.</li> <li>• <b>Where a tenancy subsists for 10 years or more but less than 20 years</b> in respect of the premises constructed in or before the year 1984, the fair rent shall be determined by adding to the rent as on 1.7.1976 not more than 2 times, and then deducting the increase, if any, in the manner provided in Schedule III, or by accepting the existing rent if such rent is more than the increased rent determined according to that Schedule.</li> <li>• <b>Where a tenancy subsists for 20</b></li> </ul>	<p>Fair rent so fixed shall be automatically increased by 5% every three years.</p>
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**years or more in respect of the premises constructed in or before the year 1984 and used for commercial purposes**, the fair rent shall be determined by adding to the rent as on 1.7.1976, 5 times or by accepting the existing rent if such rent is more than the increased rent determined under this sub-section.

- Where none of the foregoing provisions apply, the fair rent shall be such as would be reasonable, having regard to the situation, locality, and condition of the premises and the amenities provided therein and also to the conditions in the similar premises in the locality.

### ANNEXURE 6 – RIGHTS OF TENANTS

Serial Number	State	Right to Receipt on Payment of Rent	Right to Deposit Rent (In case of Landlord Absenteeism)
1	Andhra Pradesh	Yes	Where the address of the landlord or his authorized agent is not known to the tenant, he may deposit the rent lawfully payable to the landlord in respect of the building, before such authority and in such manner as may be prescribed, and continue to deposit any rent which may subsequently become due in respect of the building before the same authority and in the same manner until the address of the landlord or his authorized agent becomes known to the tenant. Tenant is also entitled to deposit rent in case of doubt or dispute as to the person entitled to receive it.
2	Assam	No	No provisions regarding deposit of rent.
3	Bihar	Yes	No Provision. Tenant is entitled to deposit rent only on refusal of the landlord to accept it or in case of doubt or dispute as to the person entitled to receive it.
4	Delhi	Yes	No Provision. Tenant is entitled to deposit rent only on refusal of the landlord to accept it or when the landlord refuses or neglects to deliver a receipt or in case of doubt or dispute as to the person entitled to receive it.
5	Goa and Daman&Diu	Yes	Where there is a <i>bona fide</i> doubt as to the person to whom the rent is payable or where the address of the landlord or his authorized agent is not known to the tenant, he may deposit such rent with the Controller in the prescribed manner.
6	Gujarat	Yes	No provisions regarding deposit of rent.
7	Haryana	No	No Provision. Tenant is entitled to deposit rent only on refusal of the landlord to accept it or when the landlord refuses or neglects to deliver a receipt.

8	Himachal Pradesh	Yes	No specific provision. The Act just mentions that when the landlord does not accept any rent tendered by the tenant within the time fixed by the contract or refuses or neglects to deliver a receipt or where there is a <i>bona fide</i> doubt as to a person to whom the rent is payable, the tenant may deposit such rent with the Controller in the prescribed manner.
9	Jammu and Kashmir	No	Not well defined. The Act says that where the landlord does not accept any rent tendered by the tenant, or the tenant "experiences difficulty" in paying the rent to the landlord of the house or shop, he may deposit such rent with the Controller in the prescribed manner. Tenant is also entitled to deposit rent in case of doubt or dispute as to the person entitled to receive it.
10	Karnataka	Yes	No Provision. Tenant is entitled to deposit rent only on refusal of the landlord to accept it or when the landlord refuses or neglects to deliver a receipt or in case of doubt or dispute as to the person entitled to receive it.
11	Kerala	Yes	Where the address of the landlord or his authorized agent is not known to the tenant he may deposit the rent lawfully payable to the landlord in respect of the building together with such fees as may be prescribed, before such authority and in such manner as may be prescribed, and continue to deposit any rent which may subsequently become due in respect of the building, together with the fee prescribed, as aforesaid before the same authority and in the same manner until the address of the landlord or his authorized agent becomes known to the tenant. Tenant is also entitled to deposit rent in case of doubt or dispute as to the person entitled to receive it.
12	Madhya Pradesh	Yes	No Provision. Tenant is entitled to deposit rent only on refusal of the landlord to accept it or when the landlord refuses or neglects to deliver a receipt or in case of doubt or dispute as to the person entitled to receive it.
13	Maharashtra	Yes	No provisions regarding deposit of rent.
14	Meghalaya	No	No provision. Tenant is entitled to deposit rent only on refusal of the landlord to accept it.
15	Mizoram	No	No provisions regarding deposit of rent.
16	Model Law	Yes	No provisions regarding deposit of rent.

17	Orissa	No	No provisions regarding deposit of rent.
18	Pondicherry	Yes	Where the address of the landlord or his authorized agent is not known to the tenant, he may deposit the rent lawfully payable to the landlord in respect of the building, before the Controller in such manner as may be prescribed, and continue to deposit any rent which may subsequently become due in respect of the building before the Controller and in the same manner until the address of the landlord or his authorized agent becomes known to the tenant. Tenant is also entitled to deposit rent in case of <i>bona fide</i> doubt or dispute as to the person entitled to receive it.
19	Punjab and Chandigarh	No	No provisions regarding deposit of rent.
20	Rajasthan	Yes	No provisions regarding deposit of rent.
21	Sikkim	No	No provision. Tenant is entitled to deposit rent only on refusal of the landlord to accept it.
22	Tamil Nadu	Yes	Where the address of the landlord or his authorized agent is not known to the tenant, he may deposit the rent lawfully payable to the landlord in respect of the building, before the Controller in such manner as may be prescribed, and continue to deposit any rent which may subsequently become due in respect of the building before the Controller and in the same manner until the address of the landlord or his authorized agent becomes known to the tenant. Tenant is also entitled to deposit rent in case of <i>bona fide</i> doubt or dispute as to the person entitled to receive it.
23	Tripura	Yes	Where the address of the landlord or his authorized agent is not known to the tenant, he may deposit the rent lawfully payable to the landlord in respect of the building together with such fee as may be prescribed, before such authority and in such manner as may be prescribed, and continue to deposit any rent which may subsequently become due in respect of the building together with the fee prescribed, before the same authority and in the same manner until the address of the landlord or his authorized agent becomes known to the tenant.

			Tenant is also entitled to deposit rent in case of <i>bona fide</i> doubt or dispute as to the person entitled to receive it.
24	Uttar Pradesh	Yes	No Provision. Tenant is entitled to deposit rent only on refusal of the landlord to accept it or in case of <i>bona fide</i> doubt or dispute as to the person entitled to receive it.
25	West Bengal	Yes	No specific provision. Where the landlord does not accept any rent tendered by the tenant within the prescribed period, the tenant shall remit the rent to the landlord by postal money order within 15 days of the refusal. If it is undelivered due to refusal or some other reason, the tenant is entitled to deposit the rent with the Controller. Tenant is also entitled to deposit rent in case of <i>bona fide</i> doubt or dispute as to the person entitled to receive it.
Other rights include right to basic amenities, uninterrupted supply of essential services, right to prevention of conversion of residential premises into non-residential premises.			

### ANNEXURE 7 – CURRENT DEVELOPMENTS<sup>17</sup>

Serial Number	State	Description
1	Andhra Pradesh	Enactment of a new law in place of The Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Act, 1960, based on the suggestions of the Cabinet Sub Committee is under active consideration.
2	Andaman&Nicobar Islands	The Andaman & Nicobar Islands Rent Control Legislation, notified on 19.10.1965 is applicable in the Port Blair Municipal Area. But this legislation is not on the line of the Model Rent Control Law and the state government is considering amendments.
3	Arunanchal Pradesh	Yet to enact a Rent Control Act in the state.
4	Assam	The state has been requested to intimate whether any proposal in under consideration to enact a fresh rent control legislation or to amend the existing on the lines of the Model Rent Control Legislation.
5	Bihar	Proposal for amending the existing act on the lines of suggestions made by the Model Rent Control Legislation is under active consideration.
6	Chattisgarh	Yet to enact a Rent Control Act in the state.

<sup>17</sup> Information sourced from document titled “Monitoring of Action taken by State Governments / Union Territories on Model Rent Control Legislation”, dated: 10.01.2006, File No. 19/1/2003 – UCU, accessed at the Ministry of Urban Development, UCU (Urban Ceiling Unit) Division.

7	Dadra & Nagar Haveli	Yet to enact a Rent Control Act in the state.
8	Delhi	The Delhi Rent Act, 1995 is yet to be notified, although assented to by the President of India. The Delhi Rent Control Act 1958 is still applicable.
9	Goa and Daman & Diu	The state rent control act covers most of the suggestions made by the Model Rent Control Legislation.
10	Gujarat	It has extended the Bombay Act up to 31.3.2011 and has exempted premises constructed or let out after 30.3.2001 for a period of 10 years.
11	Haryana	Matter relating to amending The Haryana Urban (Control of Rent and Eviction) Act, 1973 is under consideration and the Government of India will be informed when any action is taken.
12	Himachal Pradesh	The State Government has said that it will consider amending The Himachal Pradesh Urban Rent Control Act, 1971 only after such changes are incorporated in the Delhi Rent Control Act, 1958.
13	Jammu and Kashmir	No action has been initiated.
14	Jharkhand	Yet to enact a Rent Control Act in the state.
15	Karnataka	Changes have already been incorporated in the Karnataka Rent Control Act 1999, as suggested by the Model Rent Control Legislation.
16	Kerala	Finalization of draft bill to amend state act on lines of the Model Rent Control Legislation under consideration.
17	Lakshadweep	Yet to enact a Rent Control Act in the state.



18	Madhya Pradesh	Amendments to The Madhya Pradesh Accommodation Control Act, 1961 are under consideration.
19	Maharashtra	The Maharashtra Rent Control Act, 1999 has been brought into force, but is not strictly in accordance with the provisions of the Model Rent Control Legislation. Some provisions of the act have already been challenged in the Supreme Court.
20	Manipur	The state is preparing a bill on Rent Control on lines of suggestions made by the Government of India
21	Meghalaya	The state is actively considering bringing amendments to its Rent Control Act.
22	Mizoram	A Committee on "Mizoram Urban Areas Rent Control Bill" under chairmanship of the General Secretary has been constituted and the matter of amendments is under active consideration.
23	Nagaland	No information available.
24	Orissa	Steps were taken to introduce the "Orissa House Rent Control Legislation". But after analysis, it was found that the legislation would not be beneficial to the people of Orissa and hence, the state decided not to go for it.
25	Pondicherry	Currently the 1969 Act is on force. Amendment proposals are likely to be placed before the current government.
26	Punjab & Chandigarh	The state government has decided to amend the East Punjab Rent Restriction Act, 1949. Policy decision has been taken and amending legislation is being finalized before its presentation to the legislature.
27	Rajasthan	A new legislation called The Rajasthan Rent Control Act, 2001, on the lines of the Model Rent Control Legislation has been in force w.e.f.25.02.2003.
28	Sikkim	The old laws in the state of Sikkim are by Article 371(F) of the Constitution. Therefore, bringing an amendment on the basis of the Model Rent Control Law may lead to technical hurdles.

29	Tamil Nadu	Proposal to undertake comprehensive amendments to The Tamil Nadu Buildings (Lease and Rent Control Act), 1960 is under consideration.
30	Tripura	The state has initiated action to repeal the existing Act and to enact new laws in consultation with neighbouring states.
31	Uttar Pradesh	The State Govt. has requested for copies of Rent Control Acts from neighboring states, who have amended their existing laws on lines of the Model Rent Control Legislation. Copy of Rajasthan Rent Control Act, 2001 has been sent for study and analysis.
32	Uttaranchal	Yet to enact a Rent Control Act in the state.
33	West Bengal	The West Bengal Premises Tenancy Act, 1997, as amended, is already in effect in the state from 10.07.2001.

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