

RENTS SOAR, LAWS STAGNANT

Rent reforms in B'luru: Myth vs reality

While social media posts talk about many reforms for house rental rules, the reality is far from it. The latest amendments have decriminalised some offences but have made no significant improvements

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Instagram reels discussing the new Model Tenancy Act and the requirement that homeowners accept only two months of rent as deposits from tenants have gone viral. Many tenants believe the law was much needed, while landlords are concerned about the supposed provisions posted on social media.

However, despite widespread social media reports, the Union government has not enacted any such new central rent law that automatically applies across all states. This is because, under the Indian Constitution, tenancy and rent fall under Entry 18 of the State List (List II), meaning only state legislatures can enact binding rent/tenancy laws that apply within their territories. The Union government cannot unilaterally legislate rent control for all states.

Even the Karnataka government has not passed any such law that helps tenants or landlords in any way, or makes life simpler for both.

The Union's Model Tenancy Act, 2021, mandates a two-month rent cap for residential premises as a deposit. It provides a template for states to reform rental laws, protect landlords' and tenants' rights, and improve dispute resolution mechanisms.

In 2021-22, the Karnataka government considered adopting the Model Tenancy Act to replace parts of the old rent regime, including the outdated Rent Control Act. But that proposal is currently in cold storage.

Thus, the 2021 central act on which social media reels are based is not enforce-

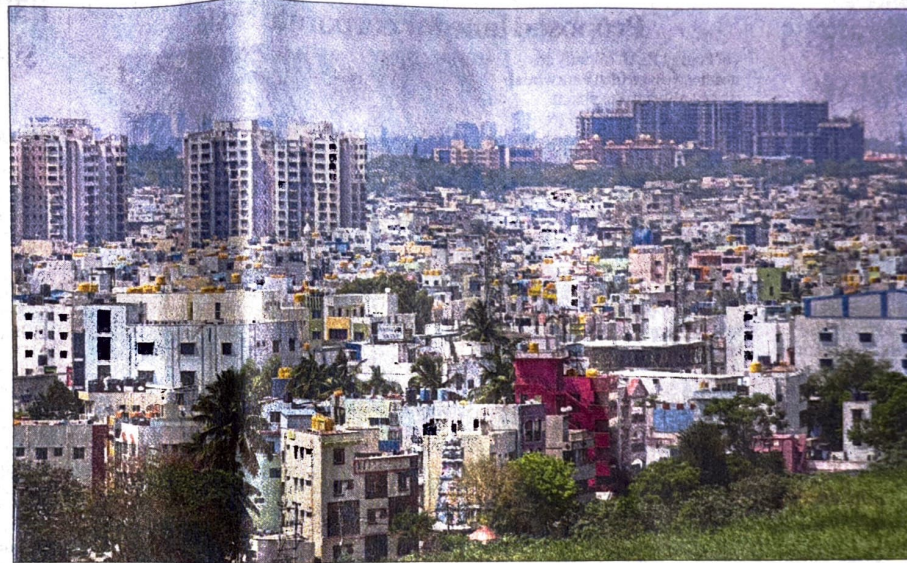
able in Bengaluru or Karnataka, as the relevant acts and amendments in Karnataka do not specify a two-month rent cap. It must be drafted by the state legislature and passed to acquire legal standing in the state.

Karnataka's amendment debate
Bengaluru has about 2.5 million recorded properties inside the city limits. Most of these are residential homes, and the majority are likely rented or rentable, but the government does not publish an official count of how many are actively rented. However, it is indisputable that property rentals are a point of dispute for many here.

"My owner hikes rents based on his whim. Last time he increased it from 30,000 per month to 33,000 per month, a 10% increase rather than 5%. He also does not want us to cook non-veg at home, and objects if I host people at home," complains a 30-year-old resident of Nandini Layout, who preferred anonymity.

It resonated with the observers of the assembly sessions when BJP MLA and former revenue minister S Sureshkumar spoke on the floor of the house about the plight of tenants.

"When I started my practice as an Advocate in 1981, the Rent Control Act was powerful. There were House Rent Courts (HRC). The situation has changed, and the Rent Control Act is no longer relevant. It appears that there is no protection left for tenants. Rents are rising, and rent increases are accelerating. There is no cap on this. Middle and lower-middle-class families are suffering. I urge the government to take measures and formulate guidelines



to ensure protection for those tenants," he had stated.

In response, Krishna Byregowda, the revenue minister, agreed with Sureshkumar but stated that the current situation is driven by market developments, in which checks and balances are supposed to function automatically.

"But everyone has forgotten the main intent of the original law. If this is reactivated, it is possible to find solutions to the problems of the tenants, and the government will focus on the same," he had stated.

The debate in the assembly was diluted as legislators objected to the bill's ambiguous language and poor translation. And the law got passed anyway.

The new amendments decriminalised minor offences under the Karnataka Rent Act, 1999, committed by landlords and tenants. It removed imprisonment provisions for many offences, and moved enforcement toward monetary penalties and adjudication by Rent Controllers rather than criminal courts.

The 10-month rent as an advance
However, there is currently no amendment applicable to tenants that requires

them to pay only two months' rent as a deposit before renting a property. Currently, all landlords demand 10 months' rent as an advance deposit before renting a property, whereas in many other cities, homeowners require only 3 months' rent as a deposit.

Ramesh Verma, a broker based in Mahalakshmiipuram, discusses the problems associated with the 10-month-advance structure.

"Many owners charge the tenants astronomically for minor repairs. It's fine to deduct painting charges, but some homeowners take undue advantage of the situation," he adds.

He explains how. "Out of the 10 months' deposit they take, there are examples of two or three months being returned, and sometimes nothing is returned as well. Owners do not allow tenants to make the repairs themselves, citing concerns about the quality of the work. They choose to do it themselves and charge the tenants extra."

Sandeep Nadahalli, a resident of South Bengaluru, explains how the homeowners exploit the tenants.

"They deduct two months of rent from the advance for painting. But when we get new rented homes, we see that they may not have painted the houses properly;

they would have done only touch-ups here and there to make it look good and not full painting."

Verma states that there was no mechanism for tenants to lodge complaints until now. He says there needs to be a mechanism established for tenants to air their grievances.

Most people have never heard of rent controllers, who are basically tahsildars or assistant commissioners of the respective areas. There is no publicly available information on this.

Homeowners' arguments

Even if, theoretically, two months' rent could be collected as deposits, homeowners argue that it will not work.

"To paint a minimum basic two-bedroom house today costs Rs 30,000 to Rs 40,000. Earlier, it was around Rs 12,000 to Rs 15,000. Painting costs have really gone up. Plus minor repairs, the cost will cross two months of rent," explains Srikanth S P, a home owner from South Bengaluru.

"Rented properties attract more property tax. The annual tax can easily be a month's rent or more, depending on the property. Commercially rented properties

attract even higher rents," he adds, pointing out why a two-month advance system is not enough for a homeowner.

"Not everyone will be the same. Some people might keep things well-maintained. But some will damage the geyser, wash basin or other household equipment and will not repair it. All these things will cost me. I have faced it," Srikanth explains.

"As owners, if we take just two months of advance, how do we recover all these repair costs? The owner has no rights. If the tenant intends to vacate the premises within the next two months and does not pay the rent, we can't deduct the rent from the advance if there is insufficient advance. Where should I recover the painting cost? Or the light or water bill for those months?" he asks.

He adds that if a tenant fails to pay apartment maintenance, the burden also falls on the homeowner; therefore, limiting the advance to 10 months is impractical.

Registering the rental agreement

Another myth widely circulated is the need to register a house rental agreement. Unregistered agreements are not helpful during disputes, say legal experts.

The Karnataka Rent Act 1999 requires rental agreements to be in writing and filed with an authority, but it does not require registration under the Registration Act. However, for a resident to obtain an Aadhaar card at their current rental address, many Aadhaar enrolment centres require that the rental agreement be registered with the Sub-Registrar's Office.

Nadahalli argues that, if enforced, the registration of rental agreements would be beneficial from a safety perspective for both owners and tenants. "There may be tax evaders or people with questionable backgrounds; registration helps in such cases. But it should be easy. If the process is easy, I will happily register," he adds.

Srikanth says that, if registration is required, it should be made online, as visiting the sub-registrar's office is impractical. "We don't have an online system yet for this," he adds.

Registering with the sub-register's office incurs a fee. Who bears the cost, especially in a city like Bengaluru, where there is a floating population and job scenarios change quickly, asks Srikanth.