

# Basic Prerequisites for Rent and Lease Agreements in India

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The article covers all the crucial points that a layman should know before having a lease agreement or a rent contract. While having an agreement both the parties should be vigilant enough with respect to their rights and rules involved. The agreement seems simple but is very complicated as wrongly formulated terms could be dangerous to either party. Every single State in India has its own regulated laws for rent agreements which should be necessarily followed to have a valid agreement. The parties should make sure that terms formulated in the contract are consensual terms to avoid confusion at the time of termination of the contract. Now let us deal with all the important points in detail.

The tenant-landlord relationship is one of the most inevitable relationships that we find but it could be among most complicated ones too. When one rents a flat to somebody it involves a lot of care and precaution which is to be taken. There are many traps which one could find himself into by not taking precautionary measures while renting his flat. Many landlords do not prefer rental contracts to avoid tax payments but one should insist upon having it. The person having a rental agreement can take help from real estate agencies to formulate terms of the agreement.

There are basically two types of rental contracts in India. One is lease agreement which lasts for 12 months and is covered under Rent Control Laws and the other one is lease agreement which runs for 11 months which are not governed by the Rent Control Law. The lease agreements governed by the Rent Control Laws are governed by the rent regulations put up by the State Governments and rents are determined by the State Government. The rent is basically determined by paying attention to the factors like market price of the property, cost of construction incurred, construction time etc. So here being a simple logic that older the property lesser would be the rent and vice versa. When a lease agreement is signed for 12 months, the tenant gets the ownership of the property for an indefinite period of time. This condition has certainly propelled the number of problems like tenant refusing to leave the flat etc. The problem then comes to court and it takes a very long time to get it resolved. So, in that case a better option would be to have a lease and license agreement for 11 months. The period is renewable after the passage of the said time depending upon the circumstances. This agreement bestows a right to live only for the said time period i.e. 11 months. One could also have short term lease agreements but those are generally very exorbitant ones. This provides a great amount of security to the landlords from the tenants.

The rental contracts in India are usually in English. One should always have a keen look at the terms of the contract and if any specific terms are being included then it should have been explicitly mentioned in the lease agreement. Sometimes landlords could be really mean and may include certain terms which could be harmful for the tenants. Every rent control laws of different states have certified rate of rent that is to be levied accordingly.

The tenant should be vigilant enough to make a note that he is been charged at the correct rate. For instance the old Karnataka Rent Control act has been expired and a new one has emerged in 2001 which says that rent is to be calculated at 10% per annum of the aggregate amount incurred in construction and market price of the land on the date of construction.

Rents are usually paid in cash or cheque and bank transfers are usually avoided by the landlords to be on the safer side. The landlord though might ask to do part payments in cash and cheques to save his tax payments. In India there is also a custom of rental/security deposits. They are usually for three to four months advance but since landlords have got authority to modulate the deposit amount so one might be asked to pay a higher price for upcoming months. The deposits are generally given after signing the lease

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agreement and a receipt is provided upon paying the same as a proof of payment. At the time of moving out your deposit/security amount will be delivered back once the landlord has finished comprehending the damages incurred.

The damages would be covered by the deposit/security amount delivered and rest of the part is returned back to the tenant. This procedure requires a lot of deliberations and discussions so one should make sure that he gets a fair deal with respect to the same.

### CONCLUSION

Rent and Lease agreements have become one of the most evident aspects now days. One needs to be informed enough to tackle these agreements carefully. It is better to be informed rather to scuffle in the dark.

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