

Rental Agreement Laws in India

Property and real estate laws in India impact everyone, and the landlord-tenant dispute is one of the most common disputes.

In this article, we look at the basics of property rental laws in India, rental agreements and leave & license agreement.

11 Month Rental Agreement

One of the most common features while entering into a property rental transaction in India is the prevalence of the 11-month rental or license agreements. A period of 11 months is preferred by most landlords while entering into property rentals, because there are two types of agreements that deal with property rental in India, lease agreement and leave & license agreement.

Rental Agreement

Rental agreements that are over 12 months have to abide by strict rent control laws that are most favourable to the tenants. The Rental control laws currently prevent the landlords from overcharging the tenants and protect the tenants from sudden or unfair eviction. Also, the right to ownership of the property gets transferred from the landlords to the tenants in case of a lease agreement, making it harder for the landlord to vacate a tenant. Hence, Landlords do not prefer to enter into rental agreements that are over 12 months.

Leave & License Agreement

Leave and license agreements, on the other hand, are entered into for a period of 11 months, with an option to renew the agreement at the expiration of the agreement. As a rental agreement that is 11 months long is just a license for the tenant to occupy the premises for a short duration, rent control laws do not apply. Further, rental agreements that are 11 months long allow the landlord more measures to take in case of eviction of the tenant from the property. Hence, most landlords prefer to enter into a rental agreement that is 11 months long, with an option to renew at the end of the agreement period.