TOPIC : THE MAHARASHTRA RENT CONTROL ACT

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. The common thread running through Rent control Act 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;

2. To protect him from having to pay more than a standard rent.

RENT CONTROL LAWS IN MAHARASHTRA

The Maharashtra Rent Control Act, 1999 came into force w.e.f. 31/03/2000. Before enactment of this New Act, the state of Maharashtra appointed Rent Enquiry committee i.e. Tambe Committee. The recommendations of Tambe Committee were considered by Maharashtra Law Commission.
Prior to enactment of this Act, three Acts were prevailing in the State of Maharashtra to govern the matters pertaining to tenancy dispute i.e. Bombay Rent, Hotel and Lodging House Rent Control Act for Bombay Region. The Central Provinces and Berar Act was prevailing in the area of Vidarbha and Hyderabad House (Rent, Eviction and Lease) Control Act 1954 was prevailing for Marathwada Region. This Act has been enacted to unify, consolidate and amend the law relating to the control of rent and repairs of certain premises and of eviction and for encouraging the construction of new houses by assuring a fair return on the investment by lands and to provide for matters connected with the purpose aforesaid.

The preamble to the Rent Act spells out the broad policy and purpose of the statute. From the preamble it is clear that the Act is enacted mainly for:

(i) controlling rents so that they may not exceed beyond the standard rent or the fair rate, as the case may be,

(ii) regulating the repairs of the premises which may be or are demised and

(iii) for encouraging the construction of new houses by assuring a fair return on the investments and to provide for the matters connected with the purposes aforesaid.
WHY THE NEW LEGISLATION?

Many features of the old rent control laws had outlived their utility. The task, therefore, of unifying, consolidating and amending the rent control laws in the State and to bring rent control legislation in tune with the changed circumstances, had been engaging the attention of the Government. Government had, therefore, initially appointed the Rent Act Enquiry Committee, generally to study and examine and to make recommendations to Government with respect to unified legislation if considered desirable and feasible or otherwise to suggest modifications in the existing three rent control laws. The Committee, had in its report, recommended that there should be one unified Act which should extend to whole of the State and for that matter the Committee had also appended a draft legislation to its report. The State Law Commission which was functioning for some time had also examined the three rent control laws including the report submitted, and the draft legislation prepared by the Rent Act Inquiry Committee. The State Law Commission has also attempted unification and revision of the rent control laws and in its twelfth report on the unification of Rent Restriction Laws, it has recommended to enact a unified and consolidated Rent Act for the entire State. The state Law Commission has also appended to its report a draft legislation. The draft legislation prepared by the state Law Commission is generally on the pattern of the Bombay Rent Act, but the thrust given by the Law
Commission has been in respect of exemption of new construction from the operation of the provisions of rent law for a specified period and that there should be a provision for periodic increase in the rent.

APPLICABILITY

This Act shall apply to the premises let for the purposes of residence, education, business, trade or storage in the areas specified in Schedule I and Schedule II of the Act. This Act defines premises under Section 9 which includes garden, ground, garage and out houses if any appurtenant to such building or part of the building any fitting affixed to the building or part of building for beneficial enjoyment, but does not include farm building, room or other accommodations in hotel and lodging houses. This Act is also applicable to premises let or given on licence to government or local authority. But, there is exemption of certain premises under Section 3 of the Act.

EXEMPTION

As per Section 3 certain premises are exempted i.e. premises belonging to Government or local authority or Government as tenant, licensee. Similarly, any premises let or sub let to banks or any Public Sector Undertaking or any Corporation established by or under any Central or State Act or Foreign Mission, International Agency, Multi
National Company and Private Limited Company and Public Limited Companies having a paid up share capital of Rs. 1 crore or more are exempted from application of this Act.

**SALIENT FEATURES OF THE NEW ACT**

The major changes effected by the new Act are as under:

1. The definition of 'premises' does not include land. Therefore tenancy or lease only of land will not include land. Therefore tenancy or lease only of land will not be governed by this Act.

2. The Act does not make separate provisions for hotels and lodging house.

3. The Act applies to the whole State of Maharashtra including the areas known as Vidarbha and Marathwada. The Rent Acts applicable to these two areas are repealed.

4. The premises to which the Act applies are buildings or structures or parts thereof and the land appurtenant thereto including garages and outhouses thereon.

5. From the commencement of the Act that is from 31st March, 2000 the landlord will be entitled to increase the rent by 4% per annum in respect of premises let for purposes of residence, education, business, trade or storage.
6. The landlord can also increase rent reasonably for any improvement or structural alteration to premises carried out with the written consent of 70% of the tenants.

7. The landlord is also entitled to increase the rent by amount not exceeding 15% per annum of the expenses incurred due to special alterations made or additional amenities provided.

8. Agreement for grant of tenancy or licence is required to be in writing and registered under the Registration Act.

9. Prohibition against receipt of Pagdi or premium for transfer or relinquishment of tenancy is removed and the same is legalized.

10. Landlord can also charge fine, premium or deposit as consideration for grant or renewal of a lease of any premises or giving consent thereto.

11. A 5% increase is allowed on the standard rent fixed under section 7(14)(a) and (b)(ii).

IMPORTANT PROVISIONS OF ACT

As per Section 8 of the Act the Court may fix standard rent and permitted increases in certain cases upon an application
made to it or in any suit or proceedings, fix the standard rent at such amount as having regard to the provisions of this Act and the circumstances of the case, the Court deems just. If application for fixing standard rent or for determining the permitted increase is made by the tenant the court shall forthwith specify the amount of rent or permitted increase which are to be deposited in court by the tenant. Even at any stage of the suit for recovery of rent, whether with or without claim for possession of the premises, the court is satisfied that the rent is excessive and standard rent should be fixed, the court may make order directing the tenant to deposit in court forthwith such amount.

As per Section 14 of the Act duty is also cast upon the landlord to keep premises in good repair. If landlord neglects to make any repair which he is bound to make as per rule and after a notice of fifteen days is served upon him by tenant interested in such repair, then such tenant may make the same and deduct the expenses of such repairs from the rent. It is an important provision in favour of the tenant because in most of cases it is seen that landlord keep the premises in such a condition that no one can stay there. So to curb such tactics this provision is made in this Act.

As per Section 15 of the Act landlord is not entitled to the recovery or possession of any premises if tenant pays or is ready and willing to pay standard rent and permitted increases. Even landlord cannot file a suit for recovery of possession against his tenant on the
ground of non payment of standard rent due until the expiration of ninety days next after notice in writing of the demand of standard rent has been served upon the tenant. As per Sub Section (3), decree for eviction cannot be passed by the court, if within ninety days from the date of service of the summons of the suit, the tenant pays or tenders in court, the standard rent and permitted increases then due, together with simple interest on the amount of arrears at fifteen percent per annum and thereafter continuous to pay or tenders in court regularly such standard rent and permitted increases till the suit is finally decided. This provision also protects the honest tenants who are willing to pay the standard rent to the landlords as per rule.

Chapter IV of the Act deals with the recovery of possession. Section 16 prescribes the occasions and the circumstances in which landlord may recover the possession of any premises, such as:

(a) damage to property,
(b) erection of permanent structure,
(c) Nuisance
(d) quit notice issued by tenant
(e) sub-letting,
(f) tenant has ceased to be in service/employment of landlord
(g) bona fide requirement of landlord ,
(h) bona fide requirement for carrying out repairs,
(i) demolition of premises for erecting new building,
The Explanation for clause (b) provides that the expression "permanent structure" does not include the carrying out any work with the permission of the municipal authority, wherever necessary, such as providing (1) a wooden partition (2) standing cooking platform in the kitchen (3) door (4) opening a window for ventilation (5) a smoke chimney. Initially the burden of proving an unlawful sub-tenancy or assignment lies on the landlord. Once a landlord shows that a third person is in occupation and that the tenant himself is not in the premises the burden of proving the nature of occupation of third person shifts to the tenant. The second important factor which may overwhelm a landlord in spite of the fact that he proves his case under this clause is the question of greater hardship to the tenant as provided for in sub-section (2). The landlord can obtain the decree on the ground of personal occupation and he can obtain decree under the other three clauses for repairs or reconstruction of the premises. All these decrees can be passed for the personal benefit of the landlord and not on account of breach of any of the provisions of tenancy under the contract or in law.
The former type of decree being personal it cannot be allowed to be assigned.

**Section 23** of the act provides special provision for recovery of possession of the tenanted premises to the member of armed forces of the Union, Scientists or their successor-in-interest entitled to recover the possession of the premises for their occupation.

**Section 24** provides for recovery of possession by the landlord of premises on expiry of licence period. On failure of the licensee to so deliver the possession, the landlord can make an application to the competent authority. The authority, on being satisfied about expiry of period of license, shall pass an order for eviction of licensee.

As per **Section 25**, when the interest of the tenant is determined for any reason, any sub tenant to whom the premises have been lawfully sub-let and such sub-tenancy is subsisting on the date of commencement of this Act or where the sub-tenancy is permitted by contract between the landlord and tenant, such sub-tenant shall, subject to the provisions of this Act, be deemed to become the tenant of his landlord.

However, as per **Section 26**, in absence of any contract, it shall not be lawful for any tenant to sub-let or give on licence the whole or any part of the premises let to him or to assign or transfer in any other manner.
Section 28 of the Act deals with right of landlord to inspect the premises let or given on licence, at a reasonable time after giving prior notice to the tenant, licensee or occupier.

Whereas, there is restriction on landlord in view of Section 29 of the Act not to cut-off or withhold any essential supply or services of the tenanted premises.

As per Section 31, it is mandatory for the landlord to issue receipt for any amount received in respect of the premises.

As per Section 33 of the Act, in Brihan Mumbai, the Court of Small Causes Mumbai, and in any area for which a Small Causes Court is established under the Provincial Small Causes Courts Act, 1897, such court shall have jurisdiction to entertain any suit proceeding or application or to deal with such claim or question and elsewhere, the Court of Civil Judge (Jr.Dn.) having jurisdiction in the area in which the premises are situate or, if there is no such Civil Judge, the court of Civil Judge (Sr.Dn.) having ordinary jurisdiction, shall have jurisdiction to entertain and try any suit or proceeding between a landlord or tenant relating to the recovery of rent or possession of any premises and to decide any application under this Act.

Section 53 provides that offences under section 10 shall be non-cognizable and offences under sections 17 to 19, 21, 29, 30 and 31 shall be cognizable.
The offences are as under:

* Charging rent in excess– imprisonment upto 3 months or fine upto Rs. 5000/- or both (Sec.10);

* Failure to commence the work of repairs after the tenant has vacated by the date specified in the decree or fails to comply with the Court’s Order of repossession after repairs – imprisonment 3 months or with fine upto Rs. 1000/- or both (Sec.17);

* Failure to occupy the premises recovered on the ground of bonafide requirement – imprisonment 3 months or fine upto Rs. 5000/- or both (Sec.18):

* Failure to carry out any undertaking given to Court or failure to comply with Court’s Order under a decree obtained on the ground of bonafide requirement by the landlord for the demolishing the premises for the immediate purpose of erecting new building – imprisonment for 30 days or with fine upto Rs.5000/- or both (Sec. 19);

* Failure to intimate to tenant the date on which the erection of the new building shall be completed– imprisonment of 3 months or fine upto Rs. 5000/- or both (Sec. 21);
* To cut-off or withhold essential supply or service– fine upto Rs. 100/- for each day of default. (Sec.29);

* Failure to restore any essential supply or service– imprisonment 3 months or fine upto Rs. 1000/- or both (Sec.29);

* Conversion of residential into commercial premises by landlord – imprisonment 6 months or with fine upto Rs. 10000/- or both (Sec. 30);

* Failure to issue the rent receipt– fine upto Rs. 100/- for each day of default (Sec.31);

* Failure to enter into a written agreement of tenancy or leave & license or have the same registered – imprisonment 3 months or fine upto Rs.5000/- or both (Sec.55).

**CONCLUSION**

The Maharashtra Rent Control Act has, to a great extent, reduced the litigation period between the landlord and tenant. The procedure under the earlier Act prevailing in the Vidarbha region was a two tier system, inasmuch as, initially permission of the Rent Controller was required under the Act and then a separate suit for possession on the basis of the permission obtained was required to be filed. The new Act contains provisions to protect the honest and innocent tenant as well as to safeguard the rights and interests of needy landlord.
RELEVANT CASE LAWS


“A bona fide requirement must be an outcome of a sincere and honest desire in contra-distinction with a mere pretext for evicting the tenant on the part of the landlord claiming to occupy the premises for himself or for any member of the family which would entitle the landlord to seek ejectment of the tenant. The question to be asked by a Judge of facts by placing himself in the place of the landlord is whether in the given facts proved by the material on record the need to occupy the premises can be said to be natural, real, sincere and honest. The concept of bona fide need or genuine requirement needs a practical approach instructed by the realities of life.”


“Bona fide requirement has to be distinguished from a mere whim or fanciful desire. The bona fide requirement is in presenti and must be manifested in actual need so as to convince the Court that it is not a mere fanciful or whimsical desire.”
"The construction of the relevant statutory provision must strike a just balance between the right of the landlord and the right of the tenant."

"The son of the landlord whose requirement was pleaded, was in government service and, therefore, he could not have any bona fide need to start private practice as a doctor. This contention was rejected”.

"The landlord was the best Judge of his requirement”.

"The landlord had the discretion to determine his need".

"The expression "himself in Section 13(1)(g) of Bombay Rents, Hotel and Lodging House Rates Control Act, 1947 had been defined to mean not only the landlord alone but also his wife and children. It would cover the case of a family and all persons staying together including dependents and other relations and also in certain circumstances a servant. A dependent may not be a member of the family. Nevertheless if he is staying with the landlord and is depending upon him he would be considered as a member of the family and one whose requirements will have to be considered in the expression "himself".


“While construing the provisions of Clause 13(3)(vi) of the Rent Control Order, the emphasis is on 'himself' and the expression must take in family as understood by giving a wide meaning to that expression as including the descendants of a common ancestor whose interest would be the same as the interest of the landlord. The question of dependency, either of the members of the family on the landlord or the landlord's own dependence on the relations residing with him, would not be consequential”.


"For occupation by himself" do not restrict the proposed occupation to the occupation of landlord alone but may include the occupation by member of his family. The requirement of the landlord for occupation by the dependent of the landlord may be the requirement by the landlord”.


“Interest of a tenant of non-residential premises to which Maharashtra Rent Control Act, 1999 is applicable therefore, such interest are attachable and saleable in execution of a decree against tenant”.

Shantilal Thakordas v/s. Chimanlal Maganlal, AIR 1976 SC 2358, and

When landlord is claiming possession for own bona fide need and he dies, the Legal representatives can continue the suit and they need not file separate suit for their own requirements.
In suit for eviction, bona fide requirement burden of proof to establish that the premises are reasonably and bona fide required is upon the landlord and burden of proof of proving greater hardship, so as to deprive the landlord to seek eviction, lies on the tenant.

*Shakeel Ahmed Vs Aziz Ahamad Khan,*
2008(6)418

It was held that agreement of leave and licence in writing is conclusive proof of facts stated therein and no other evidence can be lead to prove otherwise.

*Hansa Bhaskar Dave Vs Harihar Mahata,*
2012(1) Mh.LJ630

In suit for declaration of tenancy landlord taking plea that plaintiffs are mere gratuitous licensee and tenants are in physical possession of the suit premises and the said possession was not forcible, cannot be dispossessed without following due procedure. Tenant entitled to restoration of electric supply and water supply also.

*M/s. Atma Ram Properties vs. M/s. Federal Motors Pvt. Ltd.,*
(2005) 1 SCC 705.

“The order of eviction passed by Rent Controller is
appealable to the Rent Control Tribunal under Section 38 of the Act. There is no specific provision in the Act conferring power on the Tribunal to grant stay on the execution of the order of eviction passed by the Controller, but sub-Section (3) of Section 38 confers the Tribunal with all the powers vested in a Court under the Code of Civil Procedure, 1908 while hearing an appeal. The provision empowers the Tribunal to pass an order of stay by reference to Rule 5 of Order 41 of the Code of Civil Procedure 1908.

Shyam Shaan vs Sheoji Bhai and Anr.,
(1977) 4 SCC 393.

The tenant continuing in occupation of the tenancy premises after the termination of the tenancy is an unauthorized and wrongful occupant and a decree for damages or mesne profits can be passed for the period of such occupation, till the date he delivers the vacant possession. Thus the court while deciding the suit can grant mesne profits to the landlord.

Carona limited -vs- Pavvathy Swaminathan and Sons,
2007(6), Bombay C. R., 801.

"The Act has been enacted in order to strike a balance between the interest of landlord and tenant and for giving a boost to house building activity and in doing so the legislature in its wisdom has decided and thought it fit not to extend the protection of rents Act to certain class of tenants, like multi national schedule Banks, Public Sector undertaking and private and public limited companies
having share capital of more than 1 Crore. This is an essential matter of legislative policy."

**Shashikant Ramrmao Kulkarni -Vs- Nirmala Vasantrao Gore,**  
**2011-EQ (Bom.)-0-372.**

"On account of failure of a landlord to get the agreement registered he could not be preclude or prohibited from presenting a plaint in Civil Court seeking recovery of rent. The objection raised by defendant that contravention of sub Section 1 of Section 55 would lead to consequences of rejection of plaint as contemplated by Order VII Rule 11 clause (d) is not accepted."

**Vinayak Narayan Deshpande and another -Vs- Dilip Pralhoad Sirole,**  
**2010(2)AllMR. 747.**

"The landlord get right to institute the suit for recovery of possession from tenant on the ground of non payment of standard rent or permitted increase after serving of notice upon the tenant in the manner under Section 106 of the Transfer of Property Act. If the tenant choses not to pay the arrears as required under Section 15 Clause (3) of the Maharaashtra Rent Control Act. The landlord cannot be denied a decree for ejectment on the ground of default in payment of rent, if he proves that tenant in arrears of rent."

"Section 15 (2) of the Act merely creates certain statutoty obligations upon the landlord and upon compliance of it permit the landlord to proceed to institute a suit and has no other effect."

Late Sukhlal Bhivsan Dhobi (Suryavanshi) -Vs- Vinayak Sadashio Sangale and one, 2014-EQ-0-92.

"There was no manner of doubt that where there was Court established of Civil Judge (Senior Division) as well as Jt. Civil Judge (Junior Division) and in the institution was in the Court of Civil Judge, (Senior Division), the Civil Judge Senior Division, Jt. Civil Judge, Senior Division, (if such judge is also there as well as the Jt. Civil Judge, Junior Division). All these Courts has jurisdiction to decide the matter. On instutition of the rent matter, the Court of Civil Judge, Senior Division he can try it himself or make it over to the Jt. Civil Judge, Senior Division or Jt. Civil Judge, Junior Division."

Sanyam Vs Shyamji and other, 2014 (1), Mh.L.J., 244.

(b) When tenant left behind number of legal heirs, any member of tenant's family residing with him at time of his death, or in case of disagreement, as may be decided by Court, can be tenant in respect of premises governed under Act. Application in this regard is
required to be decided by Special Court, in Greater Mumbai, it is the Court of Small Causes, Mumbai, which has to decide any application made under the Maharashtra Rent Control Act. Section 33 prohibits any other Court to exercise jurisdiction in order to entertain any such suit, proceeding or application or to deal with any such hearing or question. City Civil Court cannot entertain suit or application in relation to claim as to tenancy in respect of premises.


(a) In eviction proceedings u/s 15 & 16 of the Act, regular trial is required to be conducted by the Court specified in section 33. Provisions of Chapter VIII and Explanation (b) to section 24 are not applicable to such proceeding.

(b) Section 45 of the Act is attracted only in the event the order of eviction made u/s 43 is not complied “within 30 days of the date on which it becomes final”.


Question as to whether a person is a member of the family of tenant must be decided in light of facts and circumstances of case. Mere fact that a relative chose to reside with tenant for sake of convenience will not make him “tenant” in the context of rent control legislation.
Rasiklal Vs Paraskumar, 2015 (1)Mh.L.J., 382.

(a) Burden is on the tenant to prove that greater hardship will be caused to him if the order of eviction is made.

(b) Premises given to partnership firm on rent basis. Defendant No.3 who was doing the business in suit premises was not partner of the said firm. Decree on ground of subletting by the District Judge was justified.

(c) Suit for eviction of tenant from non-residential/commercial premises. After filing the suit plaintiff's son had to purchase premises for doing business. This circumstance supports the case of plaintiff of bona fide requirement for personal use. Decree granted on ground of the bona fide requirement by District Judge was justified.

Sunita Vs Ramanlal & other, 2014(2)Mh.L.J, 6.

(b) Grant of lease of mortgaged property by mortgagor. A tenant who is inducted during the subsistence of the mortgage is not entitled to get the protection of the Maharashtra Rent Control Act.


Lease of the plot for five years. Unregistered lease deed cannot be admitted in evidence but such document can be considered
for collateral purpose like nature & character of possession of party and whether lease was for residential purpose or not. Lease of immovable property for period exceeding one year to be registered compulsorily.

**Nikhil Vs Surekha,**  
2014(3) Mh.L.J,777.

Eviction on the ground of bona fide need. Eviction sought on ground that plaintiff intends to start his own business. No evidence brought on record to show that plaintiff has any other property where he can start his business. Contention of respondent that the plaintiff can continue his business along with family members in property owned by his father not acceptable in law. Respondent not able to point out any prohibition in law which restrains the plaintiff from starting his own business independently in his own premises. Impugned Judgment & the decree passed by the Appellate Court set aside.

(b) Execution of gift-deed of the tenanted premises by father in favour of plaintiff. The respondent tenant has no locus standi or right to challenge registered gift-deed executed in favour of plaintiff.

(c) Eviction Decree passed against many defendants was not challenged by one of several defendants. Natural consequence is that the Judgment and decree for eviction would become final against him.
Sukhlal Vs Vinayak,

Dispute in respect of rent. Suit was filed in Civil Court, Senior Division under Rent Control Act, 1999, and made over to Civil Judge, Junior Division. Decree was passed by Civil Judge, Junior Division perfectly valid and enforceable by executing Court.

Hasanate Vs Mahesh,
2014(2) Mh.L.J.,884.

Defendants/tenants did not assail the findings of the trial Court on the issue of bona fide requirements and non-user of the premises by filing appeal or by cross-objection cannot assail such findings for the first time in writ jurisdiction assailing the decree passed by the Appellate Court.