

Changes Introduced by the Karnataka Rent (Amendment) Act, 2025

(Effective 8 January 2026)

17 April 2026

'Principal Act: Karnataka Rent Act, 1999 (Karnataka Act 34 of 2001)

Amendment Act: Karnataka Rent (Amendment) Act, 2025 (Karnataka Act No 07 of 2026)

A. Legislative Intent

The Amendment Act expressly seeks to decriminalise and rationalise offences under the Principal Act and promote trust-based governance to improve ease of living and ease of doing business. This intent is implemented primarily by replacing criminal offences and imprisonment with civil penalty framework.

In legal effect, the Amendment Act transforms the Principal Act from a penal statute with criminal consequences into a predominantly civil regulatory framework. Tenants and landlords are no longer exposed to imprisonment for statutory breaches, but they face significantly higher financial consequences for non-compliance. Rent Controllers assume a more central role as adjudicators, reinforcing administrative resolution over criminal prosecution.

B. Section-wise Changes

The following changes have been affected through the Amendment Act:

Section	Position under the Principal Act	Position under the Amendment Act
<i>Please see below the details of the changes effected in Section 24</i>		
24	Section 24 did not expressly empower the Controller to adjudicate penalties.	<p>Insertion of Section 24(1-A): The Controller is expressly empowered to function as an adjudicating officer for determining penalties under Section 54 of the Principal Act.</p> <p>As such, the Amendment Act confers adjudicatory powers on the Rent Controller, designating the Controller as an adjudicating officer for the purpose of determining contraventions and imposing penalties. Earlier, while Rent Controllers exercised quasi-judicial powers in tenancy disputes, the presence of criminal sanctions necessitated recourse to criminal courts for prosecution.</p>
<i>Please see below the details of the changes effected in Section 53</i>		
53	Section 53 provided for criminal liability of companies and persons in charge for offences under the Principal Act.	Section 53 is omitted in its entirety. As such, it results in the removal of criminal offence provisions relating to companies. Corporate and officer liability is now governed through penalty-based contravention provisions under Section 55 of the Principal Act.

Section	Position under the Principal Act	Position under the Amendment Act
<i>Please see below the details of the changes effected in Section 54</i>		
54	Section 54 provided for punishments.	<p>Existing Section 54 renumbered as Section 54(1). New Section 54(2) inserted.</p> <p>All clauses under Section 54(1) have been amended to remove imprisonment and substitute fines with enhanced monetary penalties.</p> <p>The Amendment Act restricts the consequence primarily to civil fines, significantly reducing the severity of punishment for procedural lapses. The legal rationale underlying this change is that procedural non-compliance should not attract criminal stigma, particularly when the broader objective of the law is to encourage formalisation of rental arrangements.</p>
<i>Please see below the details of the changes effected in Section 54(1)</i>		
(i)	Fine up to INR 2,000 and/or imprisonment of 1 month + fine of INR 500.	Penalty up to INR 2,000 + additional penalty of INR 5,000.
(ii)	Fine exceeding unlawful charge by INR 2,500 and/or imprisonment of 1 month.	Penalty exceeding unlawful charge by INR 20,000.
(iii)(a)	Fine up to INR 2,000 and/or imprisonment for 1 month + fine of INR 2,000.	Penalty up to INR 2,000 + penalty of INR 20,000.
(iii)(b)	Fine up to INR 1,000 and/or imprisonment for 1 month + fine of INR 200.	Penalty up to INR 1,000 + penalty of INR 2,000.
(iii)(c)	Fine up to INR 2,000 and/or imprisonment for 1 month + fine of INR 200.	Penalty up to INR 2,000 + penalty of INR 2,000.
(iv)	Fine up to INR 5,000.	Penalty up to INR 50,000.
(v)	Fine up to INR 5,000 or double the rent receivable for 3 (three) months', whichever is more and/or imprisonment for 1 month.	Penalty up to INR 50,000 or double the rent receivable for 3 (three) months', whichever is more.
(vi)	Fine up to INR 3,000 and/or imprisonment for 1 month.	Penalty up to INR 30,000.
(vii)	Fine up to INR 5,000 or double rent after re-letting, whichever is more and/or imprisonment.	Penalty up to INR 50,000 or double rent after re-letting, whichever is more.
(ix)	Imprisonment up to 1 month + fine of INR 100.	Penalty of INR 1,000.
(x)	Fine up to INR 1,000 and/or imprisonment for 1 month.	Penalty up to INR 10,000.
<i>Please see below the details of the changes effected in Section 54(2)</i>		
54(2)	Not present in the Principal Act.	Penalties under Section 54(1) shall be increased by 10 percent of the minimum penalty amount.

Section	Position under the Principal Act	Position under the Amendment Act
		Enhancement applies after every 3 years from commencement of the Amendment Act. As such, the objective is to ensure statutory mechanism to ensure penalties retain deterrent value over time.
<i>Please see below the details of the changes effected in Section 55, 55 (1) and 55 (2)</i>		
55	Heading was "Offences".	Heading changed to "Contraventions".
55 (1)	The words "commission of offences"	Offences recast as contraventions. The words "such contravention" substituted.
	Proviso.	Proviso substituted to state that no penalty shall be imposed if the person proves that the contravention occurred without their knowledge or that they exercised all due diligence to prevent such contravention.
55 (2)	Criminal liability framework (subject to Explanation).	Where contraventions are committed with the consent or connivance of a director, manager, secretary or other officer or due to neglect on their part, such persons are liable to pay penalty. Imprisonment is entirely removed.

C. Conclusion

The Amendment Act reflects a clear legislative intent to revise proportionality in punishment. By removing imprisonment but substantially increasing fines, the law preserves deterrence while aligning enforcement with contemporary regulatory principles. This approach also reduces the burden on criminal courts and addresses long-standing criticism that criminal provisions in rent laws were susceptible to misuse and coercive bargaining.

It is also significant that the Amendment Act does not alter the substantive rights and obligations governing tenancy, such as grounds of eviction, fixation or revision of rent, duration of tenancy, or security deposit limits. These aspects continue to be governed by the Principal Act.

- Amruthavarshini (Counsel) and Esha Sanjyot Shah (Associate)



About Khaitan & Co

Khaitan & Co is a top tier and full-service law firm with over 1300+ legal professionals, including 340+ leaders and presence in India and Singapore. With more than a century of experience in practicing law, we offer end-to-end legal solutions in diverse practice areas to our clients across the world. We have a team of highly motivated and dynamic professionals delivering outstanding client service and expert legal advice across a wide gamut of sectors and industries.

To know more, visit www.khaitanco.com



This document has been created for informational purposes only. Neither Khaitan & Co nor any of its partners, associates or allied professionals shall be liable for any interpretation or accuracy of the information contained herein, including any errors or incompleteness. This document is intended for non-commercial use and for the general consumption of the reader, and should not be considered as legal advice or legal opinion of any form and may not be relied upon by any person for such purpose. It may not be quoted or referred to in any public document, or shown to, or filed with any government authority, agency or other official body.

www.khaitanco.com | © Khaitan & Co 2026 | All Rights Reserved.

Ahmedabad · Bengaluru · Chennai · Delhi-NCR · Kolkata · Mumbai · Pune · Singapore