Security Deposit Rules in India: State-by-State Reference Sheet (2026)

A one-stop reference for landlords, tenants, and PG/hostel operators trying to figure out what's actually *legal* versus what's just common market practice. Rental housing is a **state subject** in India. There is no single national law, so the rules genuinely differ by state, and a lot of what's circulating online right now is inaccurate or exaggerated. This sheet separates confirmed law from market norms and flags the misinformation we found along the way.

1. State-Wise Overview: Where Statute Applies vs. Where It's Contractual

The first thing to establish for any state is whether a specific tenancy law actually governs the deposit amount, or whether it's left to whatever the landlord and tenant agree to in writing.

State / City	Governed by	Legal deposit cap	Typical market practice
Andhra Pradesh	Own MTA-based tenancy act (statute-driven)	2 months (residential) / 6 months (commercial)	Generally aligned with the cap
Uttar Pradesh	Own MTA-based tenancy act (statute-driven)	2 months (residential) / 6 months (commercial)	Varies by city
Assam	Assam Urban Areas Rent Control Act, 1972, converted to MTA framework (statute-driven)	2 months (residential) / 6 months (commercial)	Varies
Tamil Nadu (Chennai)	Tamil Nadu Regulation of Rights and Responsibilities of Landlords and Tenants Act, 2017 (statute-driven)	3 months (residential)	Chennai landlords commonly still ask for far more, sometimes 10 months
Karnataka (Bengaluru)	Karnataka Rent Act, 1999, as amended 2025, **deposit amount is contractual**, not statute-driven (see flag below)	No enforceable deposit cap under current law	Historically 6–12 months' rent is standard in Bengaluru; some landlords have voluntarily dropped to 2–3 months since 2025
Maharashtra (Mumbai, Pune)	Maharashtra Rent Control Act, 1999, **deposit amount is contractual**	No hard statutory cap; guidance figures vary by source (2, 3, or 6 months quoted in different commentary)	Commonly 3–6 months, higher in premium localities; leave-and-license deposits often 2–3 months
Delhi	Delhi Rent Control Act, 1958, applies only to units renting below ₹3,500/month, **most rentals today are entirely contractual**	No specific statutory cap for the majority of today's rental stock	Typically 2–3 months, sometimes higher in premium/furnished flats
West Bengal (Kolkata)	West Bengal Premises Tenancy Act, 1997, **deposit amount is contractual**	No strict cap	1–3 months is standard practice
Other states (Rajasthan, Gujarat, Telangana, MP, Punjab, etc.)	Individual, largely pre-MTA Rent Control Acts, **deposit amount is contractual** in most	Mostly no enforceable statutory cap yet	2–6 months, varies heavily by city and property type

Read this table as directional, not definitive. Even reputable sources disagree on Maharashtra's exact figure, and Karnataka in particular has a genuine misinformation problem worth understanding before you publish (see below).

Clarification: the “Karnataka 2-month cap” claim is being widely misreported

A wave of near-identical “New Rent Rules 2026” articles online claims Karnataka has capped residential deposits at 2 months via the **Karnataka Rent (Amendment) Act, 2025** (notified in the Karnataka Gazette on January 8, 2026). Checked against primary legal sources, including the actual Bill text (via PRS India) and legal-update trackers (TeamLease RegTech, Lexology), none of them mention a deposit cap at all. What the 2025 Amendment Act actually does: - Decriminalises offences under the Karnataka Rent Act, 1999, replacing imprisonment with monetary penalties - Makes the Rent Controller the adjudicating officer for penalties (instead of criminal courts) - Introduces automatic 10% penalty escalation every three years - Reframes “offences” as “contraventions”, a civil, not criminal, framework

No security deposit cap is part of this law. The “2-month cap” claim appears to be a mix-up with the still largely unadopted central Model Tenancy Act, amplified across a cluster of low-quality SEO sites repeating the same wording. Until Karnataka formally adopts MTA-style deposit limits, Bengaluru deposits remain a matter of negotiation, with 6–12 months still common in practice.

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2. Model Tenancy Act Recommendations (Benchmark for Comparison)

The Union Cabinet approved the **Model Tenancy Act (MTA)** on June 2, 2021, as a template law for states to adopt or adapt. It is **not automatically binding** anywhere. Use its figures as a benchmark to compare against your own deposit policy, not as a nationwide legal requirement:

Property type	MTA-recommended maximum deposit
Residential	2 months’ rent
Commercial	6 months’ rent

Other MTA recommendations worth benchmarking against: - **Refund timing:** deposit returned on the day the tenant vacates, after legitimate deductions - **Dispute resolution:** a three-tier system, Rent Authority → Rent Court → Rent Tribunal - **Agreement format:** written and digitally registered with the local Rent Authority within a set window - **Rent revision notice:** minimum 90 days’ written notice before any increase

Adoption status: Per the Ministry of Housing and Urban Affairs’ own tracking, only **four states have formally enacted MTA-aligned legislation: Andhra Pradesh, Tamil Nadu, Uttar Pradesh, and Assam** (Assam was first, converting its Assam Urban Areas Rent Control Act, 1972). Reports of Maharashtra and Karnataka “aligning” with the MTA are more recent and considerably less settled, treat these as pending, not adopted, until confirmed against a state gazette notification.

How to use this section: if your current deposit policy sits meaningfully above these figures, especially in a state that has formally adopted the MTA, flag it for review, since it’s the one place a tenant could point to an actual enforceable ceiling.

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3. Practical Compliance Checklist (For Drafting or Reviewing Agreements)

Use this when drafting a new rental/PG agreement or auditing an existing one:

Confirm the governing law for the property’s state, is the deposit amount capped by statute, or purely contractual? (See Section 1.) **State the deposit amount in figures, not just “X months’ rent”**, protects against disputes if rent is later revised **Specify the exact refund window** in days (15–30 days from vacating is standard practice where no statute fixes it) **List valid deductions explicitly**, unpaid rent, unpaid utility bills, damage beyond normal wear and tear, cleaning costs, unresolved breach of terms **List what cannot be deducted**, routine wear and tear, pre-existing damage noted at move-in, any deduction without an itemized breakdown **Note whether interest accrues on the deposit**, not a pan-India requirement, but some states/agreements (Maharashtra is often cited) expect it; state your position either way rather than leaving it silent **Record the deposit payment digitally** (NEFT/UPI, not cash) with a written receipt or acknowledgment clause **Attach a move-in condition report/inventory** as an annexure, referenced in the deduction clause **Name the dispute resolution route**, Rent Controller/Rent Authority where one exists for that state, otherwise civil court or consumer forum **Re-check the agreement's registration requirement**, mandatory digital registration is expanding under MTA-aligned states; confirm current status for the specific state before assuming it's optional **For PG/co-living specifically:** confirm the agreement is framed as a service/license arrangement rather than a registered lease, since most Rent Control Acts weren't written for per-bed occupancy

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4. Quick Operational Notes, Before You Collect, Adjust, or Refund a Deposit

Before collecting: - Verify the applicable state's legal cap (if any) before setting the amount, don't default to "market standard" without checking Section 1 - Get the deposit amount and payment method confirmed in writing before the tenant/resident moves in, not after

Before adjusting (mid-tenancy top-ups, revisions): - Any deposit revision tied to a rent increase should follow the same notice period as the rent revision itself (MTA benchmark: 90 days) - Avoid verbal adjustments, amend the written agreement or issue a signed addendum

Before refunding: - Complete a move-out inspection and reference it against the original move-in condition report - Itemize every deduction with a receipt or estimate, undocumented deductions are the single most common source of disputes - Return the balance within the window stated in the agreement (or 15–30 days if none is specified), delays without a valid, communicated reason invite escalation to the Rent Controller, consumer forum, or civil court - Confirm whether any interest is owed on the held amount per the agreement terms before finalizing the refund figure

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5. Disclaimer

Tenancy law in India is fragmented, state-specific, and actively changing, several states are mid-amendment right now, and online commentary (including some cited above) is inconsistent or outright wrong in places. This sheet reflects the clearest available reading of primary and reputable secondary sources as of **July 2026**, but is not legal advice. Recommend readers verify current local rules with their state's Rent Control Act text or a local property lawyer before relying on any specific figure.