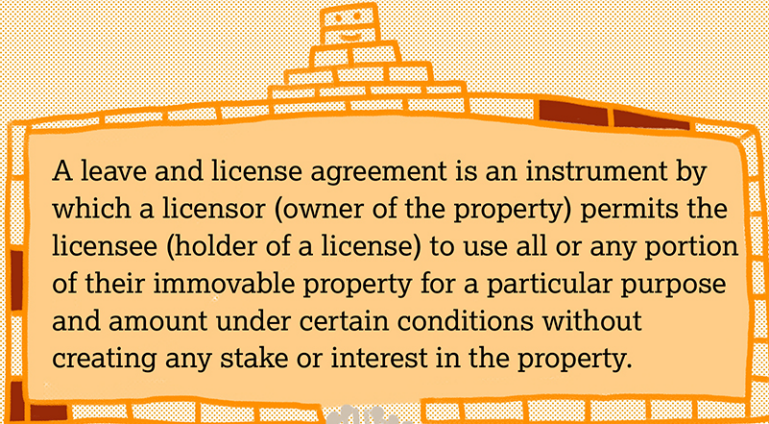



Procedures

Leave and Licence Agreement



A leave and license agreement is an instrument by which a licensor (owner of the property) permits the licensee (holder of a license) to use all or any portion of their immovable property for a particular purpose and amount under certain conditions without creating any stake or interest in the property.



It gives only permissive rights. After the expiry of the validity period of the agreement, the licensee automatically becomes a trespasser if they continue in possession of the same.

A Leave and License agreement is different from a lease deed and is governed by the Indian Easement Act, 1882. Section 52 of the Indian Easement Act, 1882 defines license as following:

“Where one person grants to another, or to a definite number of other persons, a right to do, or continue to do, in or upon the immovable property of the grantor, something which would, in the absence of such right, be unlawful, and such right does not amount to an easement or an interest in the property, the right is called a license.”



Use

This document is used while granting exclusive and specific permission to use the premises, temporarily for a specific period of time. One does not become a tenant but only a licensee having limited rights as decided in the agreement.

Key Ingredients of a leave and license agreement:



Name of licensor (owner of property) and licensee (license holder).



Validity period of the leave and license agreement.



Consideration amount and way of payment - lump sum or periodical payment in instalments.



The extent of permission granted- the extent to which the tenant is allowed to use the premises. Example; to paint the walls, to put tiles, to carry out the business etc



Renewal option i.e. whether the agreement is renewable or not; whether the agreement is renewable at the option of tenant or the owner as well as for what time and rent amount the agreement shall be renewed.

Procedure to register

1 Enter all the terms, conditions and all necessary information on a stamp paper.

3 Get the agreement notarised by a public notary.

2 The agreement has to be signed by both the parties.

The notarised agreement then needs to be registered. It can be done in the following ways :

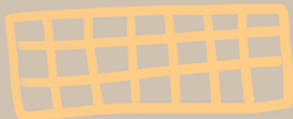
Manually i.e where both the licensee and the owner present themselves before the sub-registrar office with all the relevant documents such as I.D. proof, ownership documents etc and the sub registrar registers the same after approval.

E-registration i.e. an e-form from the government e-portal shall be filled with all the relevant details (such as ; license agreement, photograph, aadhar card etc)

5 If the sub-registrar office is satisfied with the documents, it will register the leave and license agreement and make it available for the parties to download.

Best practices for drafting the document

Clearly specify the date of termination of license as well the option for renewal, if any.



Be as specific about the extent of permission granted. Attach a schedule (details) of the property with the agreement.

Highlight all the important words with block letters.

Ensure that content of the clauses do not contradict each other in the agreement.

Be specific about assigning responsibility for repairs as well as any costs involved in maintaining the premises.

FAQs

1) How is a licensee different from a tenant?

A) Under a leave and license agreement, one is not a tenant and will hence not be entitled to certain rights and protections a tenant is entitled to such as protection from eviction. Rights of the licensee are primarily decided by the agreement.

2) How is a leave and license agreement different from a lease deed?

A) A lease is governed by the Transfer of Property Act, 1882 while a leave and license agreement comes under the Easement Act, 1882. The stamp duty paid for a lease agreement is greater than that for a leave and license agreement. Generally, a lease agreement vests wider rights and control with the tenant.
