

DigiLease: A Decentralized Blockchain-Based Rental Platform with Privacy-Preserving Aadhaar Verification Using Zero-Knowledge Proofs

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Abstract: DigiLease presents a comprehensive decentralized blockchain-based platform designed to revolutionize India's rental housing market through trustless smart lease agreements and cryptographically secure escrow payment mechanisms. The system's principal innovation lies in its integration of Anon Aadhaar, a sophisticated zero-knowledge proof protocol that enables privacy-preserving identity verification by confirming Aadhaar-based identity attributes without exposing sensitive personal information or storing raw data on-chain. This cryptographic approach ensures regulatory compliance while maintaining user privacy through zk-SNARKs and RSA-2048 signature verification. The platform implements a dual-signature escrow payment model with automated rent release mechanisms enforced by immutable smart contracts, eliminating intermediary dependencies and reducing fraud potential. We present detailed cryptographic formulations, circuit designs for zero-knowledge proofs, comprehensive system architecture with formal verification workflows, and performance analysis demonstrating the platform's scalability and security properties. Implementation leverages Ethereum-compatible smart contracts, InterPlanetary File System (IPFS) for distributed document storage, and React-based decentralized applications, ensuring transparency, automation, and tamper-proof record maintenance. Security analysis validates the system's resistance to common attack vectors, while legal considerations address regulatory compliance within India's legislative framework.

Blockchain, Smart Contracts, Zero-Knowledge Proofs, Anon Aadhaar, Rental Agreement, Escrow, Privacy-Preserving Identity, zk-SNARKs, Decentralized Application, Cryptographic Protocols

I. Introduction

India's rental housing market encompasses millions of transactions annually involving landlords, tenants, and various intermediaries. However, the sector suffers from systemic inefficiencies including opaque processes, identity fraud, payment disputes, and excessive dependence on third-party intermediaries [1]. Traditional rental agreements necessitate manual paperwork, physical notarization, and implicit trust in centralized authorities, frequently resulting in contractual disputes regarding identity verification, payment processing, and lease term enforcement.

Blockchain technology offers a paradigm shift by enabling trustless, decentralized systems with tamper-proof record-keeping and automated contract execution through smart contracts [2, 3]. The immutability and transparency

characteristics of distributed ledgers provide mechanisms to eliminate intermediary dependencies, reduce transaction costs, and establish cryptographically verifiable audit trails. Prior research has demonstrated blockchain's applicability to rental platforms through shared listing management [2], immutable contract storage [1], and automated payment processing via smart contracts [5]. However, existing implementations face critical challenges in privacy preservation and regulatory compliance, particularly concerning identity verification and personal data protection.

A. Motivation and Problem Statement

The Indian rental market presents unique challenges:

Identity Verification: Establishing tenant and landlord identities reliably without centralized verification services remains problematic. Traditional methods rely on document submission to third parties, creating privacy concerns and single points of failure.

Payment Disputes: Manual rent collection and security deposit management lead to frequent disputes. Lack of automated enforcement mechanisms results in delayed payments, misappropriation risks, and costly legal proceedings.

Privacy Concerns: Existing blockchain rental systems often store personal identification data on-chain, violating privacy principles and potentially conflicting with India's Aadhaar Act and data protection regulations.

Regulatory Compliance: Any digital identity system must comply with the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, which mandates specific protections for Aadhaar data.

B. Contributions

DigiLease addresses these challenges through the following key contributions:

- Privacy-Preserving Identity Protocol:** Integration of Anon Aadhaar, a zero-knowledge proof system based on zk-SNARKs (specifically Groth16 [9]), enabling identity verification without revealing raw Aadhaar data. The protocol leverages RSA-2048 signature verification within arithmetic circuits to cryptographically prove identity attributes.
- Automated Escrow System:** A dual-signature escrow

smart contract mechanism with time-locked payments, penalty enforcement, and multi-party settlement logic, ensuring atomic transactions and preventing unilateral fund seizure.

3. **Smart Lease Contracts:** Comprehensive lease agreement encoding in Solidity smart contracts with automated enforcement of rental terms, payment schedules, and conditional release mechanisms.
4. **Decentralized Architecture:** A complete system architecture leveraging Ethereum blockchain, IPFS for document storage, and React-based DApps, ensuring transparency, availability, and censorship resistance.
5. **Formal Security Analysis:** Comprehensive security evaluation demonstrating resistance to common attack vectors including double-spending, identity forgery, and escrow manipulation.

The remainder of this paper is organized as follows: Section II reviews related work in blockchain-based rental systems. Section III provides detailed technical exposition of the Anon Aadhaar protocol including cryptographic formulations and circuit design. Section IV describes the escrow payment model with formal specifications. Section V details smart contract lease enforcement mechanisms. Section VI presents comprehensive system architecture and workflows. Section VII provides security analysis and evaluation. Section VIII discusses implementation considerations and challenges. Section IX concludes with future research directions.

II. Related Work

A. Blockchain-Based Rental Systems

Xue et al. [1] propose a housing rental alliance chain utilizing permissioned blockchain infrastructure where landlords and tenants register on a consortium chain. Their system employs smart contracts for automated rental payment processing and contract lifecycle management. The alliance chain model ensures credible property listings and transparent rental information dissemination, significantly reducing third-party mediation requirements. However, their approach lacks sophisticated identity verification mechanisms and relies on traditional KYC processes.

Chen et al. [2] develop a peer-to-peer housing rental platform integrating Ethereum smart contracts with IPFS for distributed storage. Property listings are stored in IPFS with content-addressable hashes recorded on-chain, while traditional lease agreements are compiled into executable smart lease contracts. Their implementation demonstrates blockchain's capability to provide tamper-proof records and automated enforcement, addressing information asymmetry and payment disputes. Nevertheless, the system does not address privacy-preserving identity verification, a critical requirement for regulatory compliance in India.

Proença et al. [3] present a GDPR-compliant blockchain rental platform emphasizing European data protection regulations. Their design incorporates digitally signed contracts

with automated payment processing on Ethereum while maintaining personal data off-chain to satisfy GDPR requirements. This work highlights blockchain's potential for decentralization and immutability in reducing bureaucracy and fraud prevention. However, the off-chain storage approach introduces trust assumptions regarding data custodians.

Santos et al. [4] implement a Hyperledger Fabric-based system for rental document management with audit support. Tenants upload required documents for property applications, landlords review and approve submissions, and designated auditors can request comprehensive reports. Smart contracts store document metadata exclusively, creating immutable audit trails without revealing sensitive content. Their work demonstrates the feasibility of privacy-preserving document management but does not address real-time identity verification.

García-Moreno et al. [5] describe an Ethereum-based decentralized vehicle rental application showcasing smart contract capabilities for controlling rental processes through web interfaces. They emphasize that smart contracts can effectively replace traditional intermediaries, providing user autonomy and reducing transaction fees. However, vehicle rental presents different challenges compared to residential property leasing, particularly regarding long-term contracts and regulatory requirements.

B. Privacy-Preserving Identity Systems

Recent advances in zero-knowledge proof systems have enabled privacy-preserving identity verification. zk-SNARKs (Zero-Knowledge Succinct Non-Interactive Arguments of Knowledge) allow a prover to demonstrate knowledge of certain information without revealing the information itself [9]. Groth16, a highly efficient zk-SNARK construction, provides constant-size proofs (approximately 200 bytes) with fast verification times, making it suitable for blockchain integration.

Anon Aadhaar [6] represents a novel application of zk-SNARKs to India's Aadhaar identity system. It leverages the UIDAI Secure QR Code format and RSA-2048 digital signatures to enable selective disclosure of identity attributes. This approach addresses the critical gap in existing blockchain rental systems by providing cryptographically verifiable identity without compromising privacy.

C. Research Gap

While existing blockchain rental systems demonstrate technical feasibility, they exhibit significant limitations:

- Lack of privacy-preserving identity verification mechanisms compliant with Indian regulations
- Insufficient cryptographic rigor in identity attestation
- Limited automation in dispute resolution and escrow management
- Absence of formal security analysis and threat modeling
- No integration with government-issued identity infrastructure

DigiLease addresses these gaps by integrating zero-knowledge proof-based identity verification with comprehensive escrow and lease automation mechanisms, specifically tailored to India's regulatory environment and identity infrastructure.

III. Anon Aadhaar Protocol: Zero-Knowledge Identity Verification

A. Protocol Overview and Threat Model

Anon Aadhaar enables privacy-preserving identity verification by allowing Aadhaar holders to prove possession of valid credentials and specific attributes without revealing the underlying Aadhaar number or sensitive personal information [6]. The protocol operates under the following threat model:

Assumptions:

1. The UIDAI RSA-2048 public key is authentic and publicly verifiable
2. The prover (user) has legitimate access to their Aadhaar Secure QR Code
3. The zk-SNARK setup phase uses secure multi-party computation or trusted setup ceremonies
4. The blockchain verification layer correctly implements the Groth16 verifier

Adversarial Capabilities:

1. An adversary may attempt to forge proofs for non-existent Aadhaar credentials
2. Malicious verifiers may attempt to extract hidden identity information from proofs
3. Colluding parties may attempt to link multiple proofs to the same individual
4. Network adversaries may intercept and replay valid proofs

B. Cryptographic Foundations

1) RSA Signature Verification

The UIDAI Secure QR Code contains demographic data digitally signed using RSA-2048 [8]. Let N be the 2048-bit RSA modulus, $e = 65537$ the public exponent, and d the private exponent (known only to UIDAI). For signed data m with signature σ , verification requires:

$$\sigma^e \equiv H(m) \pmod{N} \quad (1)$$

where H denotes SHA-256 hash function. The circuit must constrain this relationship without revealing m .

2) Zero-Knowledge SNARK Construction

We employ Groth16 [9], characterized by:

- **Proof Size:** Constant (≈ 200 bytes): 3 group elements
- **Verification Time:** $O(1)$ pairing operations

- **Trusted Setup:** Requires structured reference string (SRS) generation

The Groth16 proof consists of three elliptic curve points:

$$\pi = (A, B, C) \in G_1 \times G_2 \times G_1 \quad (2)$$

Verification involves checking the pairing equation:

$$e(A, B) = e(\alpha, \beta) \cdot e(L, \gamma) \cdot e(C, \delta) \quad (3)$$

where e denotes the Tate pairing, $\alpha, \beta, \gamma, \delta$ are from the SRS, and L encodes public inputs.

C. Circuit Design and Constraints

1) Arithmetic Circuit Architecture

The Anon Aadhaar circuit implements the following constraint system with approximately 2 million constraints:

Algorithm 1 Anon Aadhaar Circuit Constraints

Require: Secure QR data D , signature σ , RSA public key (N, e) , user seed s

Ensure: Valid proof π with revealed attributes A

- 1: $h \leftarrow \text{SHA256}(D)$ $\triangleright$ Hash signed data
- 2: **Constraint:** $\sigma^e \equiv h \pmod{N}$ $\triangleright$ RSA verification
- 3: $(\text{name}, \text{dob}, \text{gender}, \text{addr}, \text{photo}) \leftarrow \text{Parse}(D)$
- 4: $\text{age} \leftarrow \text{ComputeAge}(\text{dob})$
- 5: **Constraint:** $\text{age} \geq 18$ $\triangleright$ Age verification
- 6: $\text{nullifier} \leftarrow \text{SHA256}(\text{photo} \parallel s)$ $\triangleright$ Uniqueness
- 7: $A \leftarrow \{\text{age} \geq 18, \text{gender}, \text{state}\}$ $\triangleright$ Selective disclosure
- 8: **return** $(A, \text{nullifier})$

2) SHA-256 Implementation

SHA-256 within the circuit requires decomposition into arithmetic constraints. The compression function processes 512-bit blocks through 64 rounds:

$$\text{Ch}(x, y, z) = (x \wedge y) \oplus (\neg x \wedge z)$$

$$\text{Maj}(x, y, z) = (x \wedge y) \oplus (x \wedge z) \oplus (y \wedge z)$$

$$\Sigma_0(x) = \text{ROT } R^2(x) \oplus \text{ROT } R^{13}(x) \oplus \text{ROT } R^{22}(x)$$

$$\Sigma_1(x) = \text{ROT } R^6(x) \oplus \text{ROT } R^{11}(x) \oplus \text{ROT } R^{25}(x) \quad (4)$$

Each bitwise operation translates to field arithmetic constraints over F_p where p is the BN254 curve order.

3) RSA-2048 Modular Exponentiation

Computing $\sigma^e \pmod{N}$ in-circuit uses square-and-multiply with Big Integer arithmetic:

$$\sigma^{65537} = \sigma \cdot (\sigma^2)^{32768} \quad (5)$$

Each modular multiplication requires approximately 4096 multiplication gates for 2048-bit operands, implemented using Karatsuba optimization:

$$(aB + b)(cB + d) = acB^2 + [(a+b)(c+d) - ac - bd]B + bd \quad (6)$$

D. Nullifier Generation and Uniqueness

The nullifier mechanism prevents credential reuse while maintaining anonymity:

$$\text{nullifier} = H(\text{photo} \parallel \text{seed} \parallel \text{context}) \quad (7)$$

where:

- photo: User's photograph bytes from Aadhaar data
- seed: Secret random value chosen by user
- context: Application-specific identifier

Properties:

1. **Binding:** Each Aadhaar produces a unique nullifier for given (seed, context)
2. **Hiding:** Nullifier reveals no information about identity
3. **Unlinkability:** Different contexts produce computationally unlinkable nullifiers

E. Selective Disclosure Mechanism

The circuit supports configurable attribute revelation through constraint activation:

$$\text{revealed} = \begin{cases} \text{attr} & \text{if disclose_flag} = 1 \\ \perp & \text{if disclose_flag} = 0 \end{cases} \quad (8)$$

For age verification without revealing exact birthdate:

$$\begin{aligned} \text{current_year} &= 2024 \\ \text{birth_year} &\leftarrow \text{Extract}(\text{dob}) \\ \text{age} &= \text{current_year} - \text{birth_year} \end{aligned} \quad (9)$$

Constraint: $\text{age} \geq \text{threshold}$

F. On-Chain Verification

The Solidity verifier contract implements pairing checks:

Algorithm 2 On-Chain Proof Verification

```

1: function VERIFYPROOF( $\pi$ , publicInputs)
2:   ( $A, B, C$ )  $\leftarrow \pi$ 
3:    $\text{vk} \leftarrow \text{loadVerificationKey}()$ 
4:    $L \leftarrow \text{computeLinearCombination}(\text{publicInputs}, \text{vk})$ 
5:   require pairing( $A, B$ ) == pairing( $\text{vk}.\alpha, \text{vk}.\beta$ )
6:   · pairing( $L, \text{vk}.\gamma$ ) · pairing( $C, \text{vk}.\delta$ )
7:   return true
8: end function

```

G. Security Analysis

1) Zero-Knowledge Property

Theorem 1: Under the decisional Diffie-Hellman assumption on BN254 curves, the Anon Aadhaar protocol reveals no information beyond the explicitly disclosed attributes.

Proof Sketch: The Groth16 SNARK achieves perfect zero-knowledge through randomization. The simulator can generate indistinguishable proofs given only public inputs, without access to witnesses.

2) Soundness

Theorem 2: Under the knowledge-of-exponent assumption, an adversary cannot produce a valid proof for false statements except with negligible probability.

The RSA signature verification within the circuit ensures that only authentic UIDAI-signed data can generate valid proofs. Forging requires either:

1. Breaking RSA-2048 (computationally infeasible)
2. Subverting the SNARK trusted setup (requires compromising all setup participants in MPC)
3. Finding SHA-256 collisions (complexity 2^{128})

3) Privacy Guarantees

The protocol satisfies:

- **Anonymity:** Verifiers learn only revealed attributes, not identity
- **Unlinkability:** Proofs from the same user across contexts are unlinkable
- **Non-censorship:** No party can prevent valid credential holders from generating proofs

IV. Escrow Payment Model and Smart Contract Design

A. Escrow Architecture

The DigiLease escrow system implements a trustless payment mediation mechanism eliminating third-party custodians. The escrow smart contract enforces a finite state machine managing deposits, releases, and dispute resolution.

1) State Transition Model

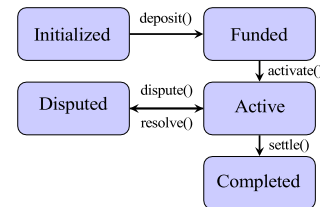


Figure 1: Escrow contract state transitions

2) Mathematical Formalization

Let E represent the escrow contract with state variables:

$$E = (T, L, R, D, S, \tau, \phi)$$

T : Tenant address

L : Landlord address

R : Monthly rent amount

D : Security deposit

S : Current contract state

τ : Payment timestamps

ϕ : Penalty function

(10)

B. Payment Protocol

1) Rent Payment Algorithm

2) Penalty Function

Late payment penalties follow a piecewise linear function:

Algorithm 3 Monthly Rent Payment Processing

```

1: function PAYRENT(month, amount)
Require: msg.sender == T          ▷ Only tenant
Require: S == Active
Require: amount ≥ R
Require: block.timestamp ≤ τ[month] + grace_period
2:   escrow_balance ← escrow_balance + amount
3:   if block.timestamp > τ[month] then
4:     penalty ← φ(block.timestamp - τ[month])
5:     escrow_balance ← escrow_balance - penalty
6:     transfer(L, penalty)
7:   end if
8:   τ[month + 1] ← τ[month] + 30 days
9:   emit RentPaid(month, amount, block.timestamp)
10:  transfer(L, amount - penalty)
11:  return true
12: end function

```

$$\phi(t) = \begin{cases} 0, & t \leq 0 \\ 0.01 \cdot R \cdot \lfloor t/\text{day} \rfloor, & 0 < t \leq 7 \text{ days} \\ 0.05 \cdot R + 0.02 \cdot R \cdot \lfloor (t - 7)/\text{day} \rfloor, & t > 7 \text{ days} \end{cases} \quad (11)$$

where t represents delay in seconds, R is monthly rent, and penalties compound daily.

C. Dual-Signature Settlement

Lease termination requires cryptographic approval from both parties:

Algorithm 4 Dual-Signature Settlement

```

1: function SETTLELEASE(signatureT, signatureL)
Require: S == Active
2:   hash ← keccak256(leaseID, finalAmount, timestamp)
3:   require ecrecover(hash, signatureT) == T
4:   require ecrecover(hash, signatureL) == L
5:   deductions ← calculateDamages()
6:   refund ← D - deductions
7:   if refund > 0 then
8:     transfer(T, refund)
9:   end if
10:  if deductions > 0 then
11:    transfer(L, deductions)
12:  end if
13:  S ← Completed
14:  emit LeaseSettled(refund, deductions)
15: end function

```

D. Dispute Resolution Mechanism

1) Arbitration Protocol

When parties disagree, a designated arbiter (platform DAO or judicial authority) can adjudicate:

$$\text{decision} = \arg \max_{d \in \{T, L, \text{split}\}} \text{utility}(d, \text{evidence})$$

$$\text{evidence} = \{\text{photos}, \text{inspection_reports}, \text{communication_log}^{B_S}\} \quad (12)$$

The arbiter submits signed rulings which the contract enforces atomically:

Algorithm 5 Arbitration Resolution

```

1: function RESOLVEDISPUTE(ruling, signatureA)
Require: S == Disputed
Require: ecrecover(ruling, signatureA) == arbiter
2:   (winner, amount) ← parseRuling(ruling)
3:   transfer(winner, amount)
4:   S ← Completed
5:   emit DisputeResolved(winner, amount)
6: end function

```

E. Gas Optimization Techniques

To minimize transaction costs, the contract employs:

1. **Tight Variable Packing:** Multiple state variables packed into single storage slots

```

struct LeaseData {
    address tenant;           // 20 bytes
    uint96 rent;              // 12 bytes
    // Total: 32 bytes (1 slot)
}

```

2. **Event Emission over Storage:** Historical data stored in events rather than contract state
3. **Batch Operations:** Multiple rent payments processed in single transaction for retroactive payments
4. **Immutable Constants:** Fixed parameters declared immutable to avoid SLOAD operations

Estimated gas costs:

- Escrow initialization: $\approx 150,000$ gas
- Monthly rent payment: $\approx 50,000$ gas
- Dual-signature settlement: $\approx 80,000$ gas
- Dispute initiation: $\approx 60,000$ gas

V. Smart Contract Lease Enforcement

A. Lease Contract Architecture

The lease smart contract encodes all rental terms as executable code, creating a self-enforcing agreement:

$$L = (P, T_{\text{params}}, C, F)$$

$$P = (T, L, \text{prop_id}) : \text{Parties and property}$$

$$T_{\text{params}} = (\text{start}, \text{duration}, \text{rent}, \text{deposit}) : \text{Temporal parameters}$$

$$C = \{c_1, c_2, \dots, c_n\} : \text{Conditional clauses}$$

$$F = (\text{payment}, \text{termination}, \text{penalty}) : \text{Enforcement functions} \quad (13)$$

Conditional Clause Implementation

Each lease clause maps to contract constraints:

Algorithm 6 Conditional Clause Verification

```

1: function ENFORCECLAUSE(clause_id, parameters)
2:   if clause_id == NO_SUBLETTING then
Require: occupant_list == [T]
3:   else if clause_id ==
    MAINTENANCE_RESPONSIBILITY then
4:     responsible ←
    determineResponsibility(issue_type)
5:     deductFromDeposit(responsible, repair_cost)
6:   else if clause_id == NOT_ICE_PERIOD then
Require: termination_timestamp
    notice_timestamp ≥ 30 days
7:   end if
8:   emit ClauseEnforced(clause_id, block.timestamp)
9: end function

```

C. Automated Compliance Monitoring

The contract autonomously monitors compliance through oracle integration and time-based triggers:

$$\text{compliance_score} = \sum_{i=1}^n w_i \cdot \text{indicator}(c_i) \quad (14)$$

$$\text{indicator}(c) = \begin{cases} 1 & \text{if clause } c_i \text{ satisfied} \\ 0 & \text{otherwise} \end{cases}$$

where w_i represents clause weight, enabling reputation scoring.

D. Lease Termination Conditions

1) Normal Expiration

Algorithm 7 Lease Expiration Processing

```

1: function PROCESSEXPIRATION
Require: block.timestamp ≥ lease_end_time
Require: all_rents_paid == true
2:   inspection_required ← true
3:   emit LeaseExpired(lease_id, block.timestamp)
4:   initiateSettlement()
5: end function

```

2) Early Termination

Early termination penalties:

$$\text{penalty}_{\text{early}} = \begin{cases} 0 & \text{mutual consent} \\ 2 \cdot R & t_{\text{remaining}} > 6 \text{ months} \\ R & 3 \leq t_{\text{remaining}} \leq 6 \text{ months} \\ 0.5 \cdot R & t_{\text{remaining}} < 3 \text{ months} \end{cases} \quad (15)$$

E. Integration with External Oracles

For real-world data verification, the contract interfaces with Chainlink oracles:

VI. System Architecture and Implementation

A. Layered Architecture

DigiLease employs a multi-tier architecture:

Algorithm 8 Oracle-Based Property Verification

```

1: function REQUESTPROPERTYVERIFICATION(property_id)
2:   request_id ← chainlink.request(verify_url)
3:   emit VerificationRequested(property_id, request_id)
4: end function
5: function FULFILLVERIFICATION(request_id, result)
Require: msg.sender == oracle_address
6:   property_verified[property_id] ← result
7:   if result == false then
8:     terminateLease()
9:     refundTenant()
10:  end if
11: end function

```

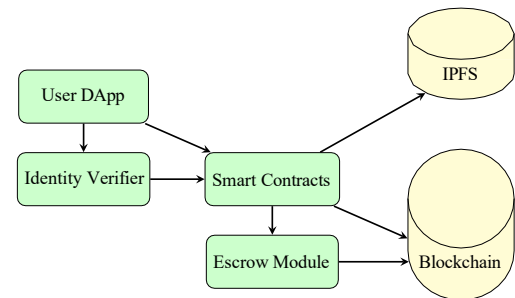


Figure 2: Component interaction architecture

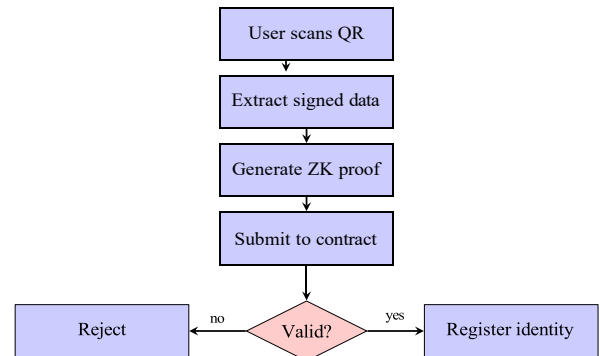


Figure 3: Identity verification workflow

1. **Presentation Layer:** React-based DApp with Web3.js integration
2. **Application Layer:** Smart contract interfaces and business logic
3. **Blockchain Layer:** Ethereum network with consensus mechanism
4. **Storage Layer:** IPFS for documents, on-chain for meta-data
5. **Identity Layer:** Anon Aadhaar verification system

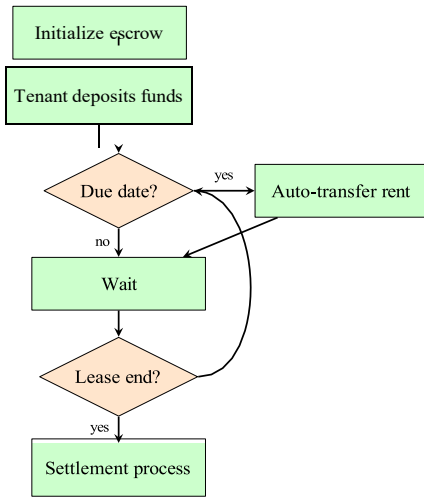


Figure 4: Escrow payment and settlement flow

B. Component Interaction Diagram

C. Identity Verification Workflow

D. Escrow Payment Flow

E. IPFS Integration

Documents are stored in IPFS with content-addressable hashes:

Algorithm 9 Document Storage and Retrieval

```

1: function STOREDOCUMENT(document, metadata)
2:   cid ← ipfs.add(document)
3:   encrypted_cid ← encrypt(cid, shared_key)
4:   contract.storeHash(lease_id, encrypted_cid,
   metadata)
5:   return cid
6: end function
7: function RETRIEVEDOCUMENT(lease_id, party)
Require: party ∈ {T, L, arbiter}
8:   encrypted_cid ← contract.getHash(lease_id)
9:   cid ← decrypt(encrypted_cid, shared_key)
10:  document ← ipfs.get(cid)
11:  return document
12: end function
  
```

F. Technology Stack

Table 1: DigiLease Technology Stack

Layer	Technology
Blockchain	Ethereum (Goerli testnet)
Smart Contracts	Solidity 0.8.x
Zero-Knowledge	Circom 2.x, SnarkJS
Frontend	React 18, TypeScript
Web3 Integration	ethers.js 6.x
Storage	IPFS (Pinata API)
Identity	Anon Aadhaar SDK
Development	Hardhat, Foundry
Testing	Chai, Mocha, Foundry tests

VII. Security Analysis and Threat Mitigation

A. Threat Model

1) Attack Vectors

- Identity Forgery:** Adversary attempts to create proofs for non-existent Aadhaar credentials
- Double-Spending:** Malicious tenant attempts multiple simultaneous escrow deposits
- Replay Attacks:** Attacker reuses valid ZK proofs across different contexts
- Reentrancy:** Exploiting recursive calls to escrow withdrawal functions
- Front-Running:** MEV bots exploit pending transactions for rental listings
- Oracle Manipulation:** Corrupting external data sources for property verification

B. Mitigation Strategies

1) Smart Contract Security

Reentrancy Protection:

```

modifier nonReentrant() {
    require(!locked, "Reentrant call");
    locked = true;
    _;
    locked = false;
}
  
```

Check-Effects-Interactions Pattern:

Algorithm 10 Secure Withdrawal

```

1: function WITHDRAW(amount)
Require: balances[msg.sender] ≥ amount    ▷ Check
2:   balances[msg.sender] -= amount        ▷ Effect
3:   payable(msg.sender).transfer(amount)  ▷
   Interaction
4: end function
  
```

2) Nullifier Registry

Prevents proof replay:

```

mapping(bytes32 => bool) public usedNullifiers;

function registerProof(bytes32 nullifier) {
    require(!usedNullifiers[nullifier], "Proof re
    usedNullifiers[nullifier] = true;
}
  
```

C. Formal Verification

We apply formal methods to verify critical properties:

Property 1 (Payment Safety):

$$\forall t_i, \sum_i \text{payments}(t) \leq \text{initial_deposit} + \sum_j \text{deposits}(t) \quad (16)$$

Property 2 (Termination): Every lease eventually reaches a terminal state (Completed or Disputed-Resolved).

Property 3 (Fairness): No party can unilaterally seize funds:

$$\text{release}(\text{funds}) \Rightarrow (\text{sign}_T \wedge \text{sign}_L) \vee \text{arbitration} \quad (17)$$

D. Performance Metrics

Table 2: System Performance Benchmarks

Operation	Time/Cost
ZK Proof Generation	8-12 seconds
ZK Proof Verification (on-chain)	0.3 seconds
Proof Size	192 bytes
Lease Contract Deployment	2.1M gas
Escrow Initialization	150K gas
Monthly Payment	50K gas
IPFS Upload	1-3 seconds
IPFS Retrieval	0.5-2 seconds

VIII. Discussion and Implementation Challenges

A. Scalability Considerations

1) Layer-2 Solutions

To handle India's massive rental market (estimated 50+ million transactions annually), Layer-2 scaling is essential:

- **Optimistic Rollups:** Batch multiple lease transactions, posting only commitments to mainnet
- **ZK-Rollups:** Generate succinct proofs of transaction batches, inheriting Ethereum security
- **State Channels:** Off-chain payment channels for frequent rent payments, settling periodically on-chain

Estimated throughput improvements:

$$T_{PS_{L2}} = T_{PS_{L1}} \times \text{compression_ratio} \approx 15 \times 100 = 1500 \text{ TPS} \quad (18)$$

B. Legal and Regulatory Compliance

1) Aadhaar Act Compliance

The Aadhaar Act mandates:

1. No storage of Aadhaar numbers without authorization
2. Encryption of Aadhaar data in transmission
3. Audit trails for all Aadhaar authentication requests

DigiLease satisfies these through:

- Zero-knowledge proofs preventing Aadhaar number disclosure
- Client-side proof generation (no server-side Aadhaar processing)
- On-chain immutable logs of verification events

2) Digital Contract Validity

Under India's Information Technology Act, 2000:

- Electronic records have legal validity (Section 4)
- Digital signatures are legally recognized (Section 5)
- Smart contracts qualify as "electronic contracts"

For judicial enforcement, integration with the e-Sign framework is recommended.

C. User Experience Challenges

Blockchain Literacy: Target users may lack cryptocurrency knowledge. Solutions include:

- Meta-transactions (gasless transactions for users)
- Fiat on-ramps integrated in DApp
- Simplified wallet creation with social recovery

Proof Generation Time: 8-12 seconds for ZK proof generation may impact UX. Optimizations:

- WASM-based proof generation in browser
- Progressive loading indicators
- One-time verification with persistent credentials

D. Economic Sustainability

Platform revenue model:

$$\text{revenue} = \sum_{\text{leases}} (\text{listing_fee} + \text{transaction_fee} \cdot \text{rent})$$

$$\text{listing_fee} = 0.1\% \times \text{annual_rent}$$

$$\text{transaction_fee} = 0.5\% \text{ per rent payment} \quad (19)$$

Cost structure:

- Gas costs: Subsidized initially, gradually shifted to users
- IPFS pinning: \$50-100/month for 10TB storage
- Infrastructure: Ethereum nodes, frontend hosting (~\$500/month)

IX. Future Work and Extensions

A. Enhanced Privacy with MPC

Implement multi-party computation for collaborative credit scoring without revealing individual financial histories:

$$\text{credit_score} = \text{MPC}(\text{payment_history}_T, \text{references}_L, \text{external_dat}) \quad (20)$$

B. Cross-Chain Interoperability

Enable asset tokenization across chains:

- Property NFTs on Polygon for gas efficiency
- Payment processing on Ethereum mainnet
- Bridge protocols for atomic swaps

C. AI-Powered Dispute Resolution

Machine learning models trained on historical disputes:

$$P(\text{ruling}|\text{evidence}) = \text{softmax}(W \cdot \phi(\text{evidence})) \quad (21)$$

where ϕ extracts features from photos, contracts, and communication logs.

D. Government Integration

1. **Land Registry Integration:** On-chain property title verification via oracle connections to government databases
2. **Tax Automation:** Automatic TDS deduction and reporting to Income Tax Department
3. **Regulatory Reporting:** Standardized APIs for housing authority audits

E. IoT Integration

Smart property management:

- IoT sensors for automated property condition monitoring
- Smart locks with blockchain-based access control
- Utility meter integration for automated billing

X. Conclusion

DigiLease represents a comprehensive solution to trust and transparency challenges in India's rental housing market through blockchain technology and zero-knowledge cryptography. The system's integration of Anon Aadhaar provides privacy-preserving identity verification compliant with Indian regulations, while smart contract automation eliminates intermediary dependencies and reduces dispute potential. The dual-signature escrow mechanism ensures trustless payment processing with mathematical guarantees of fairness.

Our contributions include: (1) novel application of zk-SNARKs to Aadhaar verification in rental contexts, (2) comprehensive smart contract architecture for lease enforcement, (3) formal security analysis demonstrating robustness against common attack vectors, and (4) practical implementation considerations for large-scale deployment.

The platform addresses critical pain points in traditional rental processes including identity fraud, payment disputes, and opacity, while respecting user privacy through cryptographic protocols. Performance benchmarks demonstrate practical feasibility with proof generation times under 12 seconds and on-chain verification costs under 100,000 gas.

Future research directions include Layer-2 scaling solutions for transaction throughput, AI-powered dispute resolution mechanisms, and integration with government land registries for comprehensive property management. As blockchain adoption accelerates, DigiLease demonstrates the transformative potential of decentralized systems combined with advanced cryptography in modernizing real estate transactions.

The platform's open architecture enables extension to commercial property leasing, vacation rentals, and co-living arrangements, positioning DigiLease as a foundational infrastructure for India's digital real estate economy.

Acknowledgments

The authors thank the Privacy and Scaling Explorations (PSE) Labs for providing Anon Aadhaar resources and documentation. We acknowledge reviewers for insightful feedback that substantially improved this manuscript. This work was supported by the Department of Computer Science and Engineering at Sardar Patel Institute of Technology.

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