

<b>Publication:</b>	<b>Hindustan Times</b>	<b>Edition:</b>	<b>Mumbai</b>
<b>Date:</b>	<b>10-May-2017</b>	<b>Page No:</b>	<b>19</b>
<b>Supplement:</b>	<b>Main</b>	<b>Size (cm2):</b>	<b>169.1</b>
<b>Title:</b>	<b>RERA wants developers to sell on the basis of carpet area. Here is what it means for you</b>	<b>Byline (Author):</b>	<b>NONE</b>

## RERA wants developers to sell on the basis of carpet area. Here is what it means for you

The Real Estate (Regulation and Development) Act, 2016, which came into effect on 1 May, requires developers to sell units only on the basis of carpet area. So far developers used to sell based on built-up or even super built-up area. What does this mean? Experts explain how this helps homebuyers:

**Tejas Patil,**  
head, real estate services, Sanctum Wealth Management



The Act defines carpet area as the net usable floor area of an apartment within the external walls but excluding service shafts, balconies, verandahs or open terrace areas meant exclusively for the apartment owner. This normalization of the definition will stop unprincipled developers from misleading buyers. Case in point: With a higher loading factor, developers can inflate the saleable area. This gives them room to seemingly lower the rate per sq. ft. This is highly misleading since buyers get enticed assuming they are getting a good deal. However, the flat size has not changed; only the loading factor has changed. The same carpet area of, say, 1,000 sq. ft has over a period been sold as saleable area of 1,400 sq. ft (when the loading on the carpet area was lower) even 1,700 sq. ft, with higher loading percentages.

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The passage of the Real Estate Regulatory Act comes as a much needed intervention that will restore transparency and trust. By attaching penalties to project delays that will lead to an increase in the timely completion of projects, it addresses one of the key concerns faced by home buyers. Further, accurate information on the status of the land, site and layout plan, schedule for completion of the project and details regarding different approvals from various government departments will empower the buyer to make an informed decision. However, the primary issue faced by most homebuyers is the lack of clarity on the exact carpet area of the property. In the past, several buyers have felt short changed by buying on the basis of 'super built-up area' which is often 30% to 40% higher than the actual apartment dimensions.

**Samir Jasuja,**  
CEO & founder, PropEquity



Homebuyers will finally be able to bid goodbye to inordinate project delays, shoddy quality of construction and extra cost. Selling on the basis of carpet area would mean that buyers know from the very first day the exact area they'll get. This also means that developers will not be able to increase the price by way of increasing the saleable area in the later stages of development of the project. This makes the process much more transparent and the pricing static. Selling on the basis of carpet area should not lead to developers providing fewer amenities to the buyer as this would lead to their project becoming uncompetitive. The issue of carpet area was one of the most controversial for many projects leading to expensive and tedious legal tussles.

