

SNAP POLL

Q. Do you think the use of tobacco has reduced?

Yes No Can't say
Go to our Twitter handle @dna, look for #DNAPoll and vote.

YESTERDAY'S POLL RESULT:

Do you know what repo rate is?

Yes ■ 66%
No ■ 34%
Can't say ■ 00%

DAILY NEWS & ANALYSIS

DNA

POLICY PERSPECTIVES

RBI FACILITATES FUND FLOWS

Real estate association heads share views with Vijay Pandya on benefits of the reduced repo rate



There is a policy update that comes up at regular intervals with far reaching implications for the realty sector. The Reserve Bank of India monetary policy announcements are most awaited by the four main stakeholders; buyers, builders, bankers and bureaucrats. After two back-to-back announcements where the key takeaway was 'status quo maintained,' this time RBI didn't go for a hat-trick. Instead, some very positive news was shared earlier this week, namely a reduction in repo rates.

Dr. Niranjan Hiranandani, President, NAREDCO, described it as, "The first Monetary Policy Committee (MPC) meeting under RBI Governor Shaktikanta Das,

and an ideal 'positive' to mark the same - a rate cut by 25 basis points, change in stance to 'neutral'. The repo rate now will be 6.25%, while the reverse repo rate stands reduced to 6%. This is the perfect follow-up to the Budget Speech by Finance Minister Piyush Goyal, and this will not just enhance liquidity in the economy but also boost investment and give the economy a positive growth phase. The option for further rate cuts in forthcoming reviews remains an option, and I hope we will see more such 'positive moves' from the RBI. From a real estate perspective, this will impact home loan interest rates, and reduced EMIs are among the best harbingers of positive sentiment, leading up to further off-take of

real estate across India."

Sentiment booster

Jayraj Shah, President, CREDAI National explained that, "Reduction of repo rate by 0.25% and change in policy stance to 'neutral' by RBI shall boost investment sentiments in the economy and add momentum to growth impulses in the Interim Budget 2019-20. The consequential reduction in EMI burden for the consumers should pep up the housing demand further. With inflation down to historic levels, India is now all set to leap forward into higher growth trajectory for a long time to come."

Lending rates

Manoj Gaur, Vice President, CREDAI National, opined,

"With RBI reducing the repo rate after keeping it unchanged since last two monetary policy reviews, it shows a softer stand towards lending. I am sure banks would surely reduce the lending rates, though marginally, which can boost the sentiments in the market. Also with the push which the government showed towards affordable segment in the budget 2019 where the income tax rebate was extended to Rs 5 lakh, I am sure end users would now be more motivated, to purchase their homes, post the repo rate cut."

Positive outcome

Pradeep Aggarwal, Chairman, National Council on Affordable Housing, ASSOCHAM, said, "The RBI policy cut rates will not only be a

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positive outcome for the real estate sector, but also for the eligible new home borrowers who can take advantage of the subsidies scheme under PMAY (Pradhan Mantri Awas Yojana). This move will be a big boost for affordable housing and help for first time home buyers, also the rate cut brings confidence for the market as this will make availability of more money at the banks thereby lowering the EMI burdens. And to add

icing to the cake, the government has also extended the time-limit of the PMAY scheme to March 31, 2020 for middle-income group buyers.

Gaurav Gupta, President, CREDAI Ghaziabad, pointed out that a constructive progression for the real estate sector is counted on with the RBI policy rate cut by 25 basis points. "This is surely going to boost the market as this is the first time in Financial Year 2018-19 that the rates have been cut by 25 basis points changing the repo rate at 6.25% and reserve repo rate at 6%. The marginal cost of fund based lending rates is expected to be low which in turn infers the availability of more money the banks thereby benefiting both the end-users and the developers," he said.