Industry upset as RBI maintains status quo

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The Reserve Bank of India in its bi-monthly policy review, has decided to maintain the status quo by keeping the key rates unchanged. In the fifth monetary policy review of the financial year and the last for this calendar year, RBI Governor Dr. Urjit Patel has left interest rates, Statuary liquidity ratio (SLR) and Cash reserve ratio (CRR) unchanged. This means that the RePo rate stands at 6%, Reverse RePo at 5.75%, Marginal Standing Facility (MSF) at 6.25%, CRR at 4% and SLR at 20%.

Industry Reacts:

"The market has been gaining stability post RERA and GST with further cushion expected in the form of lending rates. Even though the RBI has not provided any rate cut this time, fresh home loan borrowers should not worry much as they may still witness lowered EMIs because amidst intensifying competition among the lenders, the banks might be forced to start cutting down the interest rates themselves.", **said Gaurav Gupta, General Secretary CREDAI-Ghaziabad & Director, SG Estates**

"This decision of RBI to keep the rates unchanged has proved very substantial in the first quarter post GST was implemented and the apex bank wants to maintain its vigilant approach in the upcoming two months as well. Before questioning the judgement of the apex bank on holding the rates, one must not forget that it has to keep sufficient cushion for the economy with the massive changes that will come about in the next few months in form of REITs, InvITs, and SPVs.", **said Deepak Kapoor, President CREDAI-Western U.P. & Director, Gulshan Homz**

"In case of a low interest rate environment surrounding the economy and cash available in abundance, the risk of inflation moving up exists. Hence, the RBI doesn't reduce the rates until it has been fully convinced about the inflation control. A rate cut today could have allowed the potential buyers to invest in property as the EMIs would have reduced further in coming months. We hope that the next bi-monthly policy review observes a rate cut as it has been a neutral review for the second straight time.", **said Manoj Gaur, Vice President CREDAI-National & MD, Gaurs Group**

"Even though the RBI has not cut the repo rate today, still there is a lot of room for the banks to further reduce the lending rates. The previous repo rate reductions in August by the apex bank are yet to offer the complete results; that is held by the banks. A lending rate of 6-7 percent is ideal for our realty sector as we are moving towards strong policy changes at the national level which will leave long term effects on the realty sector and its allied industries.", **said Vikas Bhasin, MD, Saya Group**

"Looking at the market dynamics, we were projecting the RBI to maintain the status quo. Any reduction in lending rate allows the sentiments in real estate to improve as the net cost on the buyer for the housing unit gets decreased but with the market inflation touching its projected limit for the financial year already, it is appreciative on part of the apex bank to keep the rates on hold as it will give the market more time to stabilise and allow inflation rates to come down in eventually." **said Avneesh Sood, Director, Eros Group**

"There is no rate cut in the latest monetary policy by RBI however, a parallel cut in repo rate and CRR would have brought a win-win situation for the banks. They would have the interest rates reduced and could keep back additional funds. This would have increased their borrowing and lending capacity as well thereby creating a wave of positive sentiments in the market. The reduction in rates would ultimately be advantageous to the customers for the reason that if banks have reduced rates, the same will apply to the end-borrowers too and real estate market will have a pool of demand to deal with." **said Pradeep Aggarwal, Co-Founder & Chairman, Signature Global**

"A rate cut of 25 bps could have helped ease the pressure off the market which has been balancing itself through the confusions still pertaining with RERA and GST. During such scenarios, a slash in repo rate would have meant drop in home loan rates by banks, which ultimately reduces the burden off the buyers. With no change today, we expect the market to run uniformly with a static demand in the short run." **said Abhishek Bansal, Executive Director, Pacific Group**