Housing sales up 3% in Q1 2019: Report

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NEW DELHI: Sale of residential apartments during the January-March quarter of 2019 rose by 3% on a quarter-on-quarter basis to 33,000 units across seven major cities in the country, according to a report released by real estate services and investment firm, CBRE.

According to the report, new launches during the period under review also stood at 33,000 units, up 14% on a quarterly basis.

"While policy reforms such as Real Estate - Regulation and Development Act 2016 (RERA) and the Goods and Services Tax (GST) brought in the much-needed transparency in the residential real estate, the present upward movement is also credited to proactive and customer-centric initiatives undertaken by real estate developers.

THE STABILISATION OF CAPITAL VALUES HAS CREATED A SUITABLE ENVIRONMENT FOR THE RESURGENCE OF THE RESIDENTIAL SECTOR

"The overall impact of both these reforms and proactive approach of the developers resulted in new launches and sales witnessing a yearly increase of about 11 per cent and 19 per cent respectively in 2018," it said.

The broad stabilisation of capital values and increasing disposable income also created a suitable environment for the recovery of the residential sector, it added.

Mumbai, Chennai, Bangalore and Delhi-NCR were the dominant markets, with a share of almost 70-75% in both new launches and sales.

The other cities where the survey was carried out were Hyderabad, Pune and Koltaka.

SBI offers home loans that will be in sync with RBI rate

Becomes First Lender To Use Repo As External Benchmark

Times News Network

Mumbai: State Bank of India, the largest housing finance provider, has become the first bank to link the cost of its home loans to the Reserve Bank of India's repo rate. The move comes even as the RBI has put on hold a proposal to get banks to link their lending rates to an external benchmark, like the repo.

The country's largest bank announced the new product — to be launched on July 1 — on Friday, a day after the central bank lowered its repo rate by 25 basis points (100bps = 1 percentage point). It was the RBI's third rate cut in a row in 2019. SBI's move comes in the wake of criticism that lenders were not passing on the RBI's rate cuts to borrowers.

Currently, banks link their lending to an internal benchmark — the marginal cost of lending rate (MCLR), which is computed based on their cost of funds. The repo rate is what the RBI charges for its short-term lending to banks.

SBI has said that loans up to Rs 75 lakh will be available at 2.65% over the repo rate. Given that the current repo rate is 5.75%, these new home loans will be available at 8.40%.

"This product is for the informed customer who understands the linkage with the repo rate. Basically, this product is for better transmission as the loans will be revised without the bank revising its MCLR. If there is a change in the repo rate, the next month itself would see a change in the home loan rate," said SBI deputy MD Prashant Kumar.

SBI will continue to offer its existing home loan products as well. Those who have availed of conventional home loans can switch to the repo rate-linked loan on paying the switching fees.

According to Kumar, the loan will not impact the bank's spread. "We are able to offer this because we have already linked large savings accounts with the repo rate and cash credit accounts have also been linked to the repo rate," said Kumar. He added that the bank was not currently looking at linking other loan products to the repo.

Last year, Citibank India was the first to link its home loans to an external benchmark — the 91-day treasury bill. Under this product, changes in the rates will be effected once every quarter on March 1, June 1, September 1 and December 1.

New govt plan to save forestland earmarked for Global City project

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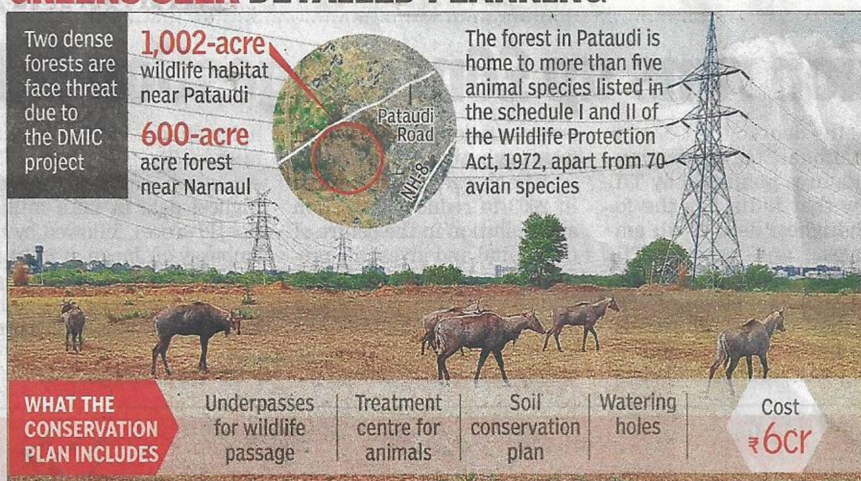
Gurgaon: Around three weeks after **TOI** carried a report on the environmental impacts two forested areas could face if the state government develops its ambitious Global City project there, the forest department has come up with a roadmap to conserve the flora and fauna in the 1002-acre forestland near Pataudi.

Sources in the forest department said over Rs. 6 crore had been sanctioned for preservation of wildlife habitat. The plan includes construction of underpasses so that wildlife can conveniently cross the area. Also, it includes soil conservation, building treatment centres for animals, digging of waterholes and making enough provisions of food for herbivores.

The state government's project, which will serve as an important node to Delhi-Mumbai Industrial Corridor (DMIC) sub-region of the state, poses a huge threat to flora and fauna of the two forests—1,002-acre wildlife habitat near Pataudi and a 600-acre forestland in Narnaul.

Among many wild species, including Indian rock python, blue bulls, jackals and cobras, the forest is home to one Sambar, listed as "vulnerable" on the IUCN Red List. Also, leopards have also been spotted in the area. While the area near Pataudi has hundreds of sheesham trees, forest in Narnaul has kejri trees.

GREENS SEEK DETAILED PLANNING



TIMES IMPACT

Activists, however, called for a systematic plan to conserve natural habitat of the forestland. "While it is difficult to keep wildlife close to an industrial corridor and amid human intervention, the best way is to look for an alternative route. However, if construction of an alternative route is not possible, the project should be developed on a 1,400-acre land located on one side of the Pataudi road and other side (that has about 600 acres) should be left as a wildlife corridor. There is a need to plan it properly. Otherwise, the wildlife won't survive and we will lose precious flora and fauna," said Anil Gandas, a wildlife enthusiast, who lives close to the forest area.

According to the law, any area that has presence of Schedule I and II species should be listed as eco-sensitive, and non-forest activities shouldn't be allowed there.

The Global City project is expected to have residential and industrial zones, along with a large convention centre, and an 82-km-long mass rapid transit system connecting Gurgaon, Manesar and Bawal.

A major part of land earmarked for the project in Patuadi is spread across Gadoli, Khandsa, Mohammedpur and Narsinghpur villages, and is protected under the Aravali notification 1992. Non-forest activity is prohibited here.

A study conducted by the Wildlife Institute of India in 2017 also indicates presence of wild animals, including leopards and hyenas, in the area.

GMDA wants stamp duty share, seeks govt's nod

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Gurgaon: Gurugram Metropolitan Development Authority (GMDA) has sent a proposal to the state government, seeking its approval to split the stamp duty charges between the authority and the Municipal Corporation of Gurgaon (MCG). This move is aimed at creating a new revenue source for GMDA which is currently wading through financial troubles.

The proposal has been under discussion for a while now and it was also discussed at the recent GMDA meeting in Chandigarh. "Around ten days ago, we sent the proposal to the state government for a final approval. Once the approval is given, 1% of the stamp duty charges on all transactions will come to GMDA," said a senior GMDA official.

The proposal to split the charges with MCG was made so as to not to put additional burden on property owners. However, there are two issues with the proposal. Firstly, it has been opposed by MCG, especially the municipal councillors. Secondly, until a couple of years ago, MCG itself was struggling to get the stamp duty charges transferred to its account from the state government. As of now, MCG is entitled to 2% stamp duty charges on the land transactions taking place within the boundaries of the municipal corporation.

GMDA has been staring at financial troubles for a while now. **TOI** had earlier reported that the two-year-old authority is currently seeing a Rs 300 deficit in income in the 2019-20 fiscal year as compared to the estimated expenses. While the estimated expenditure is Rs 1,443 crore, the estimated income is only around Rs 1100 crore.

Of the Rs 1100 crore, around Rs 250 crore is pending from MCG, another 120 crore in water charges, Rs 20 crore in sundry charges, Rs 120 crore conversion charges, and Rs 20 crores in interest income, and Rs 534.90 crore in external development charges. In the past two years, GMDA has not received any funds from the department of town and country planning (DTCP).

"We have received around Rs 130 crore from DTCP till now and more funds are expected. Once the EDC funds start flowing in and the stamp duty charges are transferred to GMDA accounts, we will have substantial funds to meet our expenditure demands," said the official.

Buyers await cheaper loans

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Home and car buyers would be hoping for cheaper loans from banks after the Reserve Bank of India recently announced a cut in key policy rates for the third time in a row.

The bank's Monetary Policy Committee (MPC) cut the repo rate — the rate at which it lends to the banks – by 25 basis points (bps) to 5.75%.

The central bank has already cut interest rates twice by 25 bps each this calendar year.

Consumers would be hoping to be third time lucky as the two previous cuts by the central bank have failed to meaningfully bring the lending rates down. This and other reasons have led to demand for consumer loans being sluggish, resulting in lower sales at manufacturing companies.

Domestic sales at Maruti Suzuki India Ltd, India's largest passenger carmaker with over 50% market share, fell by 23.1% from a year ago to 125,552 units in April.

The times have not been bad for the banks amidst gloom at non-banking finance companies (NBFC) which were major lenders of home, car and other consumer loans for two years before crisis struck them in 2018.

The NBFCs are gripped by high non-performing assets as infrastructure developers that they had lent to have failed to pay back.

This has resulted in severe liquidity crunch in the market, leaving banks in bit of a sweet spot and helping them keep the rates high, according to some market experts.

The RBI rate cut came after the central bank's Monetary Policy Committee (MPC) concluded its second bi-monthly monetary policy review for 2019-20.

Headline retail inflation inched up by a mere 6 bps in April to 2.92%.

While this was the highest inflation print in half a year, it was the ninth consecutive month in which the retail inflation, as reflected by the Consumer Price Index, had come in below the RBI's medium-term target of 4%.

While inflation has given no worries to policymakers, the same can't be said about the economic growth.

As per figures released Friday by the Central Statistics Office (CSO), GDP growth rate declined for the fourth consecutive quarter in Jan-Mar to come in at a 20-quarter low of 5.8%.

The growth rate for the last financial year (2018-19) — 6.8% — was also a five-year low, coming in below the CSO's second advance estimate of 7%.

These decisions are in line with the objective of achieving the RBI's medium-term target for CPI inflation of 4% within a band of +/- 2 per cent, while supporting growth.

The fiscal deficit for the year came at 3.39%, pretty much in line with the targeted 3.4%.

But this happened on the back of a cut in government expenditure which was ₹23.11 lakh crore as against the revised target of ₹24.57 lakh crore.

The government's target for the fiscal deficit is unchanged from last year's.