Reduced repo rate brings buoyancy to the real estate sector

WRITTEN BY **WEB NEWS MANTRA** PUBLISHED: FEBRUARY 14, 2019, 12:05 PM

Gurugram: The Reserve Bank of India (RBI) has recently reduced repo rate by 0.25 percent to 6.25 and reserve repo rate at 6.00 per cent. It is the rate at which the central bank lends short term money to banks. A cut in the rate will give a fillip to the economy:

benefitting both the investors as well as the home buyers. The developers have welcomed the step announced and have shared their views on the topic.

"As part of the real estate fraternity, we welcome the RBI's decision to reduce the repo rate: this will surely improve all the sectors of the economy. The decision will spur growth in the real estate sector with sentiments of buyers turning favorable. The loan borrowers will take benefits of the revised rates provided by the bank which will further ease their decision to invest in real estate. The announcement of tax exemption on notional rent for second housing units and TDS slab from 1,80,000 to 2,40,000 will also help the buyer to enjoy hire rate of returns on the invested money," **Mr. Ashish Sarin, CEO, Alpha Corp.**

The Director of Mapsko has also appreciated the positive development by RBI and shared his view on the same.

"We appreciate RBI's move to cut down the repo rate and the ease in the stance of the policy from 'calibrated tightening' to 'neutral'; indicating the rates are unlikely to go up. Realty sector is much likely to get a boost now as the banks will be able to offer loans on a stable interest rate, attracting more buyers and investors in the sector. This has been a much-awaited decision and would prove to be in favour of the real estate sector," said **Mr. Rahul Singla, Director, Mapsko Group.**

The Monetary Policy Committee (MPC), in addition to the announcement, has also changed its stance to neutral. It is after a period of 16 months that the RBI has reduced the rates; last reduction was announced in August 2017.

"RBI's monetary policy statement will create confidence in borrowers. Banks should adapt to the proposed benchmarks that allow the borrowers to reduce their EMI burden. MCLR and new external benchmark based regime offers transparency in the transmission of policy rates as compared to base rates through which borrower can save liquidity for more investment. New policy offers credit-linked subsidy based on annual income under 'Housing for All' so this will be an advantage to new borrower as well," **Ssumit Berry, Managing Director, BDI Group**.

With the apex bank lowering the repo rate, it is likely that banks will pass on the benefits of the revised rates to the consumers. This will ultimately benefit the real estate sector as a whole.

Reduced repo rate brings buoyancy to the real estate sector

Posted By This Week India on Feb 12,2019

Delhi

Gurugram: The Reserve Bank of India (RBI) has recently reduced repo rate by 0.25 percent to 6.25 and reserve repo rate at 6.00 per cent. It is the rate at which the central bank lends short term money to banks. A cut in the rate will give a fillip to the economy: benefitting both the investors as well as the home buyers. The developers have welcomed the step announced and have shared their views on the topic.

“As part of the real estate fraternity, we welcome the RBI’s decision to reduce the repo rate: this will surely improve all the sectors of the economy. The decision will spur growth in the real estate sector with sentiments of buyers turning favorable. The loan borrowers will take benefits of the revised rates provided by the bank which will further ease their decision to invest in real estate. The announcement of tax exemption on notional rent for second housing units and TDS slab from 1,80,000 to 2,40,000 will also help the buyer to enjoy hire rate of returns on the invested money,” Mr. Ashish Sarin, CEO, Alpha Corp.

The Director of Mapsko has also appreciated the positive development by RBI and shared his view on the same.

“We appreciate RBI's move to cut down the repo rate and the ease in the stance of the policy from 'calibrated tightening' to 'neutral'; indicating the rates are unlikely to go up. Realty sector is much likely to get a boost now as the banks will be able to offer loans on a stable interest rate, attracting more buyers and investors in the sector. This has been a much-awaited decision and would prove to be in favour of the real estate sector,” said Mr. Rahul Singla, Director, Mapsko Group.

The Monetary Policy Committee (MPC), in addition to the announcement, has also changed its stance to neutral. It is after a period of 16 months that the RBI has reduced the rates; last reduction was announced in August 2017.

“RBI’s monetary policy statement will create confidence in borrowers. Banks should adapt to the proposed benchmarks that allow the borrowers to reduce their EMI burden. MCLR and new external benchmark based regime offers transparency in the transmission of policy rates as compared to base rates through which borrower can save liquidity for more investment. New policy offers credit-linked subsidy based on annual income under 'Housing for All' so this will be an advantage to new borrower as well,” Ssumit Berry, Managing Director, BDI Group.

With the apex bank lowering the repo rate, it is likely that banks will pass on the benefits of the revised rates to the consumers. This will ultimately benefit the real estate sector as a whole.