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http://www.business-standard.com/article/pti-stories/realtors-disappointed-with-rbi-s-status-quo-on-rates-116120701155_1.html

Realtors disappointed with RBI's status quo on rates

Property developers and consultants today expressed disappointment over the RBI decision to keep key policy rates unchanged and said the reduction in interest rates would have given a boost to sluggish housing sales.

They urged banks to pass on the benefits of previous rate cuts and hoped that the Reserve Bank would reduce key policy rates early next year.

"Every industry, including real estate, will be disappointed. Now the pressure will be on the government to reduce tax rates to give some encouragement to the industry," realtors' body NAREDCO Chairman Rajeev Talwar told PTI.

Talwar, who is CEO of DLF Ltd, said this could be RBI's strategy to force banks to pass on earlier rate cuts.

CREDAI President Getamber Anand said: "Though it is unfortunate that the central bank left all policy rates unchanged today, we are still hopeful and understand that may be the policy makers are waiting till December 31 to see the final outcome of demonetisation post which an aggressive announcement on rate cuts will be made sooner than later.

"At this point in time the confidence of the Indian public needs a boost and we are sure that the government will certainly step in to ensure that India's growth story is not disrupted in any manner whatsoever."

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Real estate consultant JLL India Chairman & Country Head Anuj Puri said: "For the realty sector, which is currently reeling under pressure from the demonetisation of high-value currency notes, a rate cut could have definitely allayed fears of a near-term loss of momentum."

CBRE Chairman (India-South East Asia) Anshuman Magazine was surprised on the RBI's decision to keep the repo rate unchanged at 6.25 per cent.

"Lowering the repo rate would have provided a strong thrust to the real estate sector...The committee seems to be allowing some external factors to play out fully before embarking on further policy actions and has left enough room for a larger cumulative rate cut in its next monetary policy announcement expected early next year," Magazine added.

Knight Frank India Chairman & Managing Director Shishir Baijal said: "A rate cut could have been encouraging at this moment. However, it is disappointing that RBI decided against it. We were expecting a 25 bps cut, which could have given an impetus to the beleaguered real estate sector."

Cushman & Wakefield's MD (India) said the RBI has kept the repo rate unchanged at a time when the market expected a 25-50 bps cut in light of the recent demonetisation. He asked

Sare Homes MD Vineet Relia said there was a general sense of expectation that RBI would reduce key policy rates and that could have had a positive impact for the realty sector.

Gera Developments MD Rohit Gera said it is disappointing that the RBI Governor has left the rates unchanged.

"Recent demonetisation move by the Government had led to substantial liquidity in the banking system. Further, this move has led to the need for a stimulus to the economy. The stimulus could have come by way of a rate cut by the RBI," he added.
Jindal Realty MD & CEO Gaurav Jain said: "We were hoping

that there would be some relief. Rate cuts were required to spur investment in real estate sector. No reduction in repo rate will keep the real estate sentiments unchanged. "

ABA Corp Director Amit Modi said banks should now pass the benefits of the previous rate cuts to the end consumers.

House of Hiranandani CMD Surendra Hiranandani said it is disappointing that the RBI has chosen to maintain status quo on policy rates, considering the current economic situation.

M3M India President, Finance and Accounts, Atul Banshal said: "This has come as a highly discouraging move as we were pretty hopeful of the rate cut."

Hawelia group Chairman Rattan Hawelia said that a further reduction was expected which could have significantly impacted the revival and growth of the struggling real estate sector.

Real estate data analytics research firm, PropEquity CEO Samir Jasuja said: "It is a surprise move by the RBI to not cut repo rates as realty sector was expecting a cut which may have slightly offset the impact post demonetisation announcement by the government.

http://www.99acres.com/articles/real-estate-industry-reacts-to-unchanged-repo-rates.html

Real estate industry reacts to unchanged repo rates

RBI has announced no change in the repo rates leaving the developer community disappointed. The industry now expects the apex bank and Finance Ministry to urge financial institutions to lower home loan interest rates.

In the first monetary policy review post demonetisation, the Reserve Bank of India (RBI) has pronounced to keep the repo rates unchanged at 6.25 percent. Real estate, which has a direct bearing with both these announcements, was hoping for a rate cut, which could induce a slash in the home loan interest rates. However, with the RBI deciding to maintain a status quo w.r.t repo rate, the market sentiment has dropped further.

Voicing his opinion regarding the need to have a repo rate cut at this time, Surendra Hiranandani, Chairman & Managing Director, House of Hiranandani says, "Quashing repo rates by at least 25 basis point at this time would have provided some cushion from the impact of demonetisation. While it is anticipated that the 'Fed' might increase rates from December, so reducing rates in India could have an inflationary effect in the medium term. Post demonetization, the downside risks to growth have increased significantly. This coupled with sluggish credit off take over the last few months has dampened the economic activity across all the sectors. Now, a rate cut in the February policy seems inevitable."

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Atul Banshal, President- Finance and Accounts, M3M

The move is highly discouraging as we were hopeful of the rate cut to catapult the economy at this point of time. With surplus liquidity in banks, it will be difficult for them to deploy the money back in the market at the prevailing lending rates. Reduced repo rate would have brought loan interest rates down and thus affected buyer's sentiments and demand in a positive manner. In the current slow moving market, largely due to demonetisation, it was a much needed step.

Rahul Singla, Director, MAPSKO

The RBI monetary policy announcement keeping Repo landing rates unchanged did not meet the expectations of the real estate industry. Though it is a balanced move, but RBI could have done much more. We expected a rate cut which would have helped in lowering the loan interest rates making real estate buying a reality for most buyers who are eagerly waiting for the rate cut.

Dharmesh Jain, CMD, Nirmal and President, MCHI-CREDAI

The industry was hopeful of 25-50 basis point correction in interest rates after the demonetisation policy was announced. The economy and the real estate industry need revitalisation and low interest regime would have greatly helped in boosting the overall sentiments of the economy. We are very hopeful of a major interest rate reduction of 50 base points in the next credit policy review.

http://www.pocketpressrelease.com/2016/12/RBI-WINDS-FAIL-TO-BLOW-DEMONETISATION-CLOUDS.html

RBI WINDS FAIL TO BLOW DEMONETISATION CLOUDS

India 7 December 2016: In a time when the whole country is juggling with the old and new currency, RBI, in it's fifth bi-monthly policy review for the year, today, kept the rates unchanged, falling against the expectations of the market, especially after demonetisation. Real estate sector in particular was in dire need of a rate cut as the sales had suddenly taken a sharp fall with the market not showing any signs of growth in near future. This being the last policy review for this calendar year, the first one post-demonetisation and second review by Dr. Urjit Patel; hopes were very high as a repo rate deduction was observed last time as well. Due to the demonetisation effect, secondary real estate market had taken a hard hit and the onus had completely fallen upon the primary market to perform and revive the realty sector. A rate cut at this point of time could have provoked the end users to invest in the market and help it gain momentum. Although, banks are still to pass on the benefits of previous rate cuts to the consumers, a hope on which the market is still relying.

With today's announcement in the monetary policy review, the Repo Rate remains unchanged at 6.25 percent, Reverse Repo Rate under the LAF at 5.75 percent, Statutory Liquidity Ratio (SLR) at 21.5 percent, Cash Reserve Ratio (CRR) at 4 percent and Marginal Standing Facility (MSF) at 6.75 percent respectively. After today's no change in the monetary policy review, realty experts are projecting the growth graph to move uniformly with the end users playing the cards by reaping out the benefits of reduced EMIs and property prices. Investors market though stands in the mid-way with no such guarantee of returns looking, as the prices are at its bottom, country going cashless on higher denominations and not many signs of appreciation in the upcoming 6-9 months.

Ashok Gupta, CMD, Ajnara India Ltd.

The market and economy will take some time to balance the affects arising out of demonetisation and hence, the decision today by RBI stands as neutral. Realty sector has just witnessed the exit of numerous secondary real estate buyers and a rate cut at this time would have helped the primary sales to grow. As we are on the edge of this year end, all eyes will now fall upon the next year's monetary review and the union budget, where much is again expected out of the government, especially for the Indian realty sector.

Inputs from M3M Group on 'RBI repo rate unchanged'

"This has come as a highly discouraging move as we were pretty hopeful of the rate cut to catapult the economy at this point of time. With surplus liquidity in banks, it will be difficult for them to deploy the money back in the market at the prevailing lending rates. Reduced repo rate would have brought loan interest rates down and thus affecting buyer's sentiments and demands in a positive manner. In the current slow moving market, largely due to demonetisation, it was a much needed step."

- Mr. Atul Banshal, President- Finance and Accounts, M3M