

Hiranandani welcomes interest rate cut

📅 2016-10-04 👤 Devika Nithin

Surendra Hiranandani, Chairman & Managing Director, House of Hiranandani welcomed the reduction of policy interest rates by the Reserve Bank of India today as part of its monetary policy review.

“We welcome the new governor’s move to cut rates by 25 bps on the back of a favorable monsoon that has helped stabilize food prices and inflation. This will infuse confidence in the system thereby providing a boost to not only the real estate sector, but the overall economy ahead of the crucial festive season. There is an urgent need to focus on growth and create more jobs that will strengthen the economy,” Surendra Hiranandani said.



Real estate players have been among the most vocal in recent years asking for a reduction in interest rates in the country to stimulate demand. The sector is undergoing one of the worst slow-downs in the last decade, with rising inventories and declining demand.

“This will not result in a significant rise in the demand for credit from the corporate sector immediately, but can drive down the cost of borrowings for banks and give them some incentive to drop lending rates, thereby giving existing borrowers, a much-needed breather,” he further said.

“While RBI has cut policy rates at regular intervals, banks have not followed suit by reducing them proportionately. Following this rate cut, it is critical for banks to reduce interest rates so that the benefits can be enjoyed by the end user. The combination of lower interest rates alongside the progressive measures taken by the government towards reforms has the potential to reinvigorate demand in all segments of the economy,” he added.