

RBI cuts repo rate by 25 basis points; real estate sector urges banks to quickly lower home loan rates

By: FE Online | New Delhi | Published: October 4, 2016 5:29 PM

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The real estate sector is pinning its hopes on lenders to quickly transmit the [RBI's](#) decision of 25 basis points cut in repo rate into lower lending rates to boost home sales.

“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 new governor, Urijit Patel’s move to cut rates by 25 bps will infuse confidence in the system thereby providing a boost to not only the real estate sector,” Surendra Hiranandani, Chairman & Managing Director, House of Hiranandani, said.

Hiranandani said lower home loan rates would provide greater filip to the real estate sector. “While RBI has cut policy rates at regular intervals, banks have not followed suit by reducing them proportionately. 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 said.

Shishir Baijpal, Chairman & Managing Director, Knight Frank India, agrees. “A 25 bps cut in policy rate is encouraging and signals well for the real estate sector. We do hope that the transmission of the rate cut is efficient and banks pass on the benefit to the customers in similar magnitude,” he said.

Leading real estate players also said that the RBI and government should impress upon lenders to lower lending rates. “The Finance Ministry and RBI should ask banks to transfer the benefits to the end consumer. This initiative has to be transferred to its end beneficiary for any positive effect on ground to the ongoing economic cycle,” Amit Modi, Director, ABA Corp and Vice President CREDAI Western UP said.

Anuj Puri, Chairman & Country Head, JLL India, says RBI move will improve sentiments, but only marginally. “Unless Real Estate Regulatory Act (RERA) and other pro-consumer policies come into play, buyers will continue to be wary.