

RBI CUTS RATE, BUT...

# Bankers non-committal on rate cuts



RBPs GDP growth-focused rate cut and shift in the monetary policy stance to accommodative, comments centred around liquidity and also focus on crisis at NBFCs were hailed by bankers

sion framework,' Tata Capital managing director and chief executive Rajiv Sabharwal said.

"Given the need for growth, banks would take a call on further

rate cuts," industry lobby Indian Banks Association chairman Sunil Mehta said.

The GDP growth-focused rate cut and shift in the monetary policy stance to accommodative, and comments centred around liquidity and also

the crisis at NBFCs were hailed by the bankers.

"The decision to shift the policy stance to 'accommodative' will simultaneously help the financial system navigate to a lower interest rate regime and also look into growth con-

cerns," SBI chairman Rajnish Kumar said. Commenting on the decision to lower the Basel III leverage ratio for banks, he said the move will augment lendable resources, and scrapping transaction charges for RTGS and NEFT will boost dig-

ital transactions. ICICI Bank's global markets head B Prasanna said the policy is "very positive" and there is a scope for more accommodation because of the focus on supporting growth and bolstering private investment.

He termed Das' statement on crisis within some NBFCs, where the governor promised all possible interventions to ensure financial stability, as "reassuring".

Economists at HDFC Bank said there can be one more rate cut at in the August review and possibly one after that as well, given the rising headwinds to growth. Bank of India MD Dinabandhu Mohapatra said the RBI's intent is to be supportive of growth in the near-term and welcomed the leverage ratio announcement as a positive for the sector.

Foreign lender Standard Chartered Bank managing director and chief executive Zarin Daruwala also said the easing of the leverage ratio requirement will boost lending and should serve as the much-needed countercyclical stimulus and a review of the liquidity framework should aid monetary transmission. (PTI)

## Rate cut to boost housing demand if banks pass on benefit to customers: Realtors

**New Delhi:** Real estate industry on Thursday said the RBI's decision to cut repo rate would help in revival of housing segment, provided banks pass on the benefit to home buyers.

The RBI lowered the benchmark lending rate by 25 basis points to a nearly nine-year low of 5.75 per cent. Commenting on the policy, Credai President Satish Magar said the rate cut augurs well for the Indian real estate industry and would have a significantly positive impact on industry's revival as well.

He expected that the benefits of lower repo rate would be duly passed on to the borrowers. Credai Chairman Jaxay Shah said: "Repo rate cut is just what the industry is looking forward to ac-

"The Reserve Bank of India's decision to lower the REPO Rate by 25 basis points to 5.75 per cent will provide much-needed encouragement to homebuyers and the real estate sector at large. Lowering the rate is a fillip for the sector which has been witnessing strong signs of revival for the past six months. The rate cut is expected to lower EMIs on home loans, and reduce the debt repayment burden on developers. This presents a great opportunity for the sector as the ease of financing should translate into increased sales and project launches.



**Rakesh Reddy**  
Director, Aparna  
Constructions &  
Estates Pvt Ltd

celerate investments. The next step is to ensure that the banks and financial institutions pass on the benefits of lower rates of interest to borrowers".

Naredco president Niranjan Hiranandani said the rate cut would "provide momentum to the

market, but more needs to be done to address the issue of liquidity". "We are happy with the rate cut. Buyers who are coming back after the GST rate cut announcement on under-construction and affordable properties would be encouraged further with

the reduction in the bank rates," he added. Sanjay Dutt, the MD of Tata Realty & Infrastructure and Tata Housing, said RBI's decision would definitely prove beneficial for the real estate sector as it paves way for increased investments. Lauding the decision, JLL CEO & Country Head Ramesh Nair said, "This repo rate cut is likely to have a direct impact on the real estate sector, provided the banks, in turn, transmit the same by a corresponding reduction in lending rates." Nair pointed out that despite 50 basis points reduction in repo rate by RBI in the previous two reviews, the mortgage interest rate has remained sticky. Anshuman Magazine, Chairman & CEO, India, South East Asia, Middle East & Africa, CBRE, said the decision was "expected, given the backdrop of low inflation and rising growth concerns in the economy" and this would have positive impact.

**Mumbai:** Bankers have hailed the third successive rate cut by the central bank as a move that will boost growth but remained non-committal on the specifics of how they intend to pass on the benefits to the borrowers.

Speaking after the policy review on Thursday, governor Shaktikanta Das hailed banks' effort on transmission, but asked them to do more through "higher and faster" lending rate cuts to help boost demand in a slowing economy.

Das said bankers have so far passed 0.21 per cent of the 0.50 per cent rate cuts since January, going by the weighted average lending rate but this has helped only new borrowers and not those already are in the credit market.

"To achieve sustained growth, there is also a need for a more efficient rate transmis-





Rate cut is expected to lower EMIs on home loans and reduce the debt repayment burden on developers. It will prove beneficial from consumption and lending perspective too

— **RAKESH REDDY**

APARNA CONSTRUCTIONS AND ESTATES

DIRECTOR

---

“ఆర్ బీఐ రెపో రేటును 0.25 శాతం మేర తగ్గించడం వల్ల ఇళ్ల కొనుగోలుదారులకే కాకుండా రియల్ ఎస్టేట్ రంగానికి ఎంతో ప్రోత్సాహకరంగా ఉంటుంది. రెపో రేటు తగ్గింపు వల్ల గృహ రుణాలపై నెలవారీగా చెల్లించే వాయిదాల మొత్తం తగ్గే అవకాశం ఉంటుంది. అంతేకాకుండా రుణాన్ని తిరిగి చెల్లించే విషయంలో దెవలపర్లపైనా భారం తగ్గుతుంది. రుణాలు తక్కువ వడ్డీకే లభించడం వల్ల కొనుగోళ్లు పెరుగుతాయి. ఫలితంగా పరిశ్రమ కొత్త ప్రాజెక్టులు ప్రారంభించేందుకు అవకాశం ఏర్పడుతుంది. రెరా, జీఎస్ టీలు రియల్టీ రంగాన్ని సంస్కరిస్తున్నాయి. కొనుగోలుదారుల్లో విశ్వాసం పెంచుతున్నాయి. మొత్తం ఆర్ బీఐ రెపో రేటును తగ్గిస్తున్న నిర్ణయం అన్ని వర్గాలపై సానుకూల ప్రభావం చూపుతుంది”.

**- రాకేష్ రెడ్డి, అవర్ణ కనీస్ట్రక్షన్స్ డైరెక్టర్**