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Policy rate cut could have spurred housing market: Industry

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(PTI) The realty sector was not expecting any reduction in key interest rates by the RBI, but any policy loosening could have provided a housing market facing a multi-year slowdown, say property builders and consultants.

Industry developers are optimistic that there is still room for banks to bring down the rate on home loans.

"A rate cut could have allowed the potential buyers to invest in property as the EMIs would have reduced further in coming months," said Manoj Mehta, Managing Director, CREDAI- National, and MD, the Gaur Group.

The RBI is expected to cut rate in the next policy review after a neutral review for the second straight time.

Manoj Mehta said: "Going by the market sentiment, it seemed that the RBI was not likely to lower the key interest rate and focus on controlling inflation." "One would ideally have looked for a rate cut, but the scenario is one where the RBI's monetary policy maintained the existing repo rate in the monetary policy review," he added.

Manoj Mehta, ANAROCK Property Consultants, said, "As was expected, the RBI kept the repo rate unchanged at 6.25 per cent. For the real estate market, it is still reeling under pressure from demonetisation and the policy shake-up created by the RERA (Real Estate Regulatory Authority) and GST. This has definitely allayed fears of a continued lack of momentum." Housing prices will not be affected by the unchanged monetary policy, he said.

PTI

According to Pacific Group Executive Director Abhishek Bansal, a rate cut of 25 basis points could have helped ease pressure off the market, which has been balancing itself amid confusions relating to the RERA and GST.

Knight Frank Chairman and Managing Director Shishir Baijal said "a cut in the policy rate could have helped stimulate growth and demand, particularly in the wake of the recent Moody's India upgrade".

"The monetary policy committee's decision to maintain status quo on the rate cut is largely in consensus with industry expectations," said Anshuman Mehta, CBRE Chairman, India and South-East Asia.

"Recent market sentiment such as increase in GDP growth rate and Moody's rating upgrade has started to revive... There has been certain movement in the credit growth in recent months," he said, but added that rising inflation remains a concern.

Vikas Bhasin, MD, Saya Group, said: "Even though the RBI did not cut the repo rate today, still there is a lot of room for the banks to further reduce the lending rates." Pradeep Aggarwal, co-founder and Chairman, Signature Global, observed that the rate cut could have boosted demand for housing. PTI

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