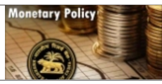

UNCHANGED REPO RATE DECLARED BY RBI ON 5TH DECEMBER

Mr. Rakesh Reddy, Director, Aparna Construction

“For the second consecutive time, the Reserve Bank of India has decided to maintain the status quo on interest rates. The decision to keep the repo rate unchanged at 6.50 percent will provide continued encouragement to the real estate sector as it slowly regainins its momentum. The status quo on interest rates presents a great opportunity and will keep the approach steady for potential home buyers to invest. This softening of interest rates is an opportune time for potential home buyers to apply for a loan. easing of inflation compounded with the growing need to actively support growth are the primary reasons to keep interests rates unchanged. As an industry, we expect increased sales and launches on the back of the improved economic scenario. While an unchanged repo rate is a significant relief, a rate cut would have substantially boosted any positive market sentiments. The real estate sector had a good start to the financial year and positive incentives would have only reinforced the growth trends. The momentum must be maintained in order to completely revive the industry. Overall, the decision is a reprieve for all stakeholders. Maintaining a stable repo rate will prove beneficial from a consumption and lending perspective, thereby encouraging growth across the sector. Moving forward, we hope the RBI will continue to take positive steps to capitalise on the renewed growth of the sector, and ensure stability is maintained to make it more enticing for home buyers.”

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Mr. Bijay Agarwal, MD, Salarpuria Sattva Group

“The decision of the Reserve Bank of India (RBI) to maintain a status quo on the REPO rates was expected and has also brought a sense of relief to everyone. The decision signaled a certain sense of caution on its part, while also putting itself on the wait and watch mode on how the overall economic situation would unfold. The GDP numbers look reassuring; however, there is still a danger of the core inflation rate rising. Maintaining the current situation on the REPO rates, does not mean that the challenges faced by the money market and borrowers are likely to phase out anytime soon. The biggest challenge faced by markets today is the liquidity crunch, especially for the NBFCs. The status quo on the Repo Rate and liquidity infusion by RBI through its open market operations has eased, the pressure on the interest rates and liquidity is coming back into the system. This can be seen by disbursements being done by NBFCs wrt to Home Loans/ Corporate Loans. However, RBI has to keep a constant watch on the liquidity as there will huge outflows in the upcoming months on account of advance tax and government borrowings exceeding the budget deficit. Further, a key development from the credit policy is the new guideline of benchmarking retail loans to an external benchmark. We believe this will help in the long term and bring more transparency in the pricing of the loans and interest rate revisions and also lower the interest burden on the Home Loan. We believe that a stable interest rate environment will help the real estate sector as the interest rate scenario is one of the key factors influencing the decision of the home buyer.”

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Mr. Navin- Director, Navin's

“Interest rates today are much lower than what they were say 3-4 years ago. Even last year the interest rates have gone up not more than 75 BPS. The RBI is accessing inflation and amount of money supply in the market when they announced unchanged repo rates. While currently after the IL&FS debacle in September, the Real Estate market has faced some amount of cash crunch which is expected to ease at the end of March quarter. However RBI's operation to increase liquidity, injection to about Rs.50,000 crore for December and its willingness to change (reduce) Repo/ other rates that influence money supply in the market is welcome and would come in as a relief to somewhat cash starved real estate sector. While I am surprised by the hold back of the Repo rate most economists predicted that this would be the case anyways. Until such time, certain developers in certain markets may slow down construction and land purchase activities.”

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