

HOME FRONT



APRIL 2020

ISSUE - V

RBI joins the coronavirus fight

Post COVID interventions that may benefit real estate



Editor's Note

Our thoughts are with you and your loved ones during this uncertain time. As we hear the impact COVID-19 is having on our communities every passing day, the wellbeing and safety of our customers and our people assumes greater importance for us. Extending all help to our customers through the ongoing challenges and uncertainty is central to our commitment to shaping a better world.

KG is with YOU to combat COVID -19! At KG, we take our role as a member of our community responsibly, and we are acting in accordance with the guidelines from local and global health authorities, designed to curtail the spread of the virus. We are inspired as we see communities, our nation and the world coming together to fight this pandemic. The KG team is part of your community, and we are dedicated to supporting you through this unprecedented time.

We recognise that even in the current scenario, our work must go on. KG understands that during such times safety and security is of high priority to you. We've got CMDA approved properties in prime locations, which have been trusted modes of investments in the real estate sector for the last 40 years. Thus, most of our teams are utilizing the work-from-home option and are available to help you out for any demands or queries about the projects.

Please stay safe and know that you can count on KG!

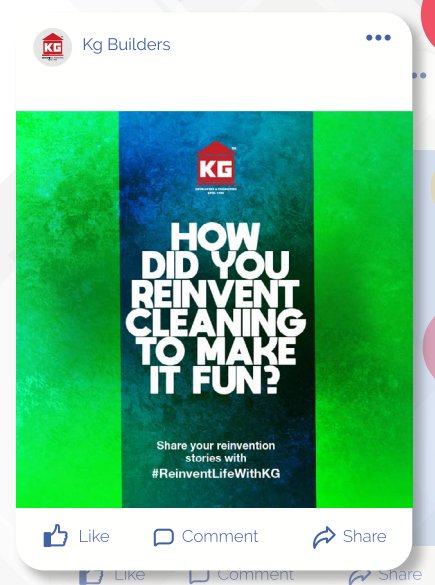
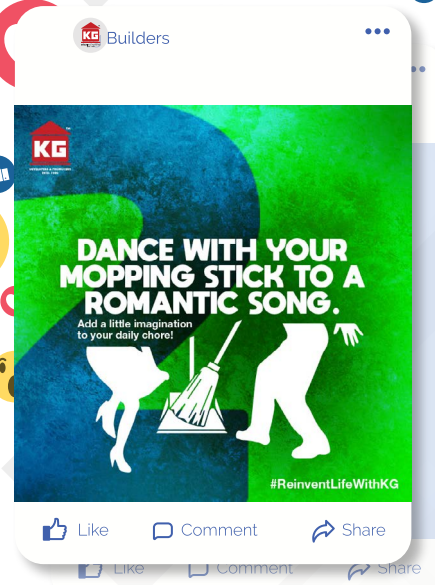
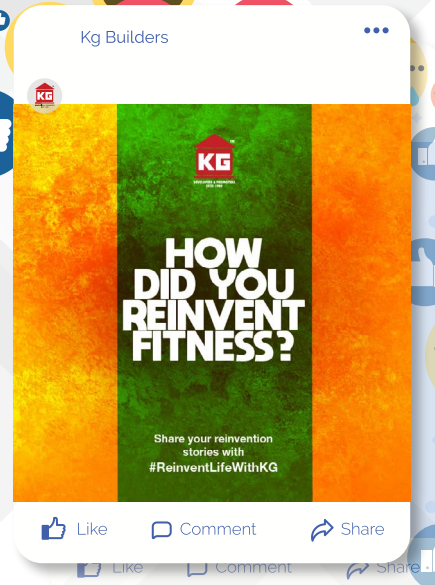
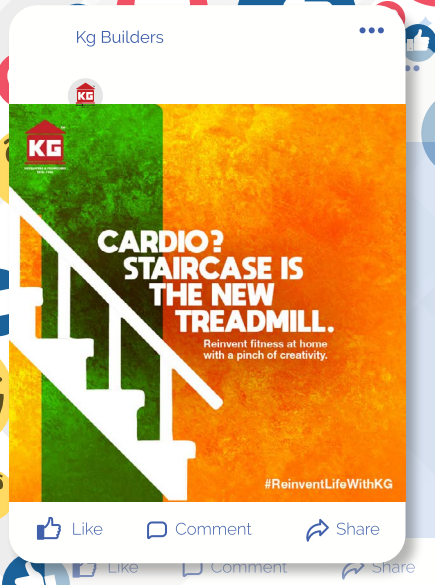
#staysafewithKG

Warm Regards

Gayithri Punjabi-Mirza
(Vice President)

#ReinventLifeWithKG

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NEWS

RBI JOINS THE CORONAVIRUS FIGHT!



The Reserve Bank of India joined the big fight with a host of measures aimed at minimising the damage from Covid-19. Asia's third largest economy has been locked down for almost three weeks, putting millions of daily wage earners and lakhs of businesses in unprecedented hardship. Moody's Investors Service cut India's growth forecasts for the 2020 calendar year from 5.3% to 2.5%. Earlier this week, RBI's Monetary Policy Committee (MPC) had held an unscheduled meeting to zero in on possible emergency measures.

As per the new norms, the MPC decided by 4-2 majority, to reduce repo rate by 75 basis points to 4.4%. The reverse repo rate was cut by 90 bps to 4%, creating an asymmetrical corridor. Also, a moratorium of three months of EMIs on all outstanding loans was announced, without any hit on credit score. This applies to corporate loans, home loans, car loans and even personal loans. In order to ensure that inflation remains within the expected range, RBI also took several measures to sustain the liquidity levels in the economy, such as:

- **Auction of targeted long term repo operations of 3-year tenor, for total of ₹1,00,000 crore at floating rate**
- **Reduction of CRR for all banks by 100 bps which will release ₹1,37,000 crore across banking system**
- **Accommodation under Marginal Standing Facility to be increased from 2% to 3% from SLR, with immediate effect till June 30, releasing ₹1.37 lakh crore**

Combined, these three measures will make available a total of ₹3,74,000 crore to the country's financial system. The banking system is safe and sound, the governor insisted, adding that it would be fallacious to link share prices to banks' fate. He implored Indians not to worry about the banks and bank deposits, as they are taking whatever measures required to ensure its safety.

JOKE CORNER








**WHAT
INVENTION
LETS YOU
LOOK RIGHT
THROUGH
A WALL?**

ANS: A WINDOW

Article courtesy: Economic Times

POST COVID INTERVENTIONS THAT MAY BENEFIT REAL ESTATE

There are long term interventions that the government can take post this crisis period, to boost the real estate sector to benefit homebuyers and developers:

-  **Modifying GST** - GST on residential properties lies at 5% and 1% without Input Tax Credit (ITC), on beyond-affordable and affordable housing properties, respectively. Allowing the developers to claim ITC, which will reduce construction cost, resulting in decreased prices for homebuyers.
-  **Further deduction of home loan interests** - A deduction on home loans upto ₹3 lakh will mainly benefit and encourage the lower and mid-income buyers which constitutes a significant proportion of home buyers
-  **Remove restriction on setting off loss from house property** - The Finance Bill in 2017 introduced provisions to restrict the set off of loss from house property against other modes of income to ₹2 lakh in a year. The balance loss, if any, can be carried forward and set off against income from house property in the subsequent 8 years. The removal of this restriction will enable an individual to claim the entire interest on their let-out property.
-  **Deduction of 'principal repayment' on home loans** - A separate provision allowing deductions on principal repayment (which comes as a part of Section 80C) will provide homebuyers higher tax benefits towards the latter stage of their loan tenure
-  **Reduction in holding period of REITs** - The reduction in holding period from 3 years to 1, while calculating long-term capital gains from Real Estate Investment Trust (REIT) will provide an even playing field with competing equity instruments
-  **Reduction in stamp duty** - The reduction in stamp duty to around 100 - 200 basis points will benefit homebuyers eyeing affordable and mid segment homes to take the plunge
-  **Revision of circle rates** - In certain areas, the ready reckoner/ circle rates are higher than actual market prices, which translates to a higher stamp duty. The rates should be revised frequently to reflect trends in actual market prices. will benefit both homebuyers and developers

Article courtesy: JLL article on COVID-19.

WASH YOUR HANDS. NOT YOUR DREAMS.

With KG, your dream to buy a new home will not be washed away amidst this unfortunate crisis.



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