

# Realty Check: Mumbai builders see no price cuts in FY13

Published on Wed, May 02, 2012 at 18:53 | Source : Moneycontrol.com

Updated at Fri, May 18, 2012 at 17:41

Story

Stock Quotes

Stock Advice

**Buy Flats in Mumbai** Best Properties to Live in Mumbai. Call 1800-1022-224 for Best Advice.

IndiaHomes.com/Flats\_in\_Mumbai

Ads by Google

2311 Investors following Ajmera Realty. Share this News with them.

M SHARE

1

1



Tweet

0



2



## Moneycontrol Bureau

Even as realty prices in Mumbai show no signs of softening, developers are blaming lack of regulatory approvals for further worsening an already skewed demand-supply situation in the city.

MCHI - CREDAI, a Mumbai-based industry body for developers on Tuesday met the chief minister of Maharashtra with a detailed presentation requesting that the process of approvals for real estate projects in the state be quickened.

Home buyers and industry watchers say developers are equally to blame for falling sales as they are unwilling to reduce prices. A combination of high property prices and rising interest rates has hit demand, but builders are holding out in the hope that eventually buyers will capitulate.

### ALSO READ

- See latest News about Ajmera Realty
- See previous management interviews
- See what other Experts & Brokerages are saying about Ajmera Realty

On their part, builders say they do not expect prices to come down anytime soon.

"Input costs are so high that it is very difficult to lower prices from current levels," Mayur Shah, Managing Director, Marathon Realty told *Moneycontrol.com*.

"For developers, the cost of funds has risen sharply as banks have reduced loans to the sector. Moreover, we should not generalize in saying that overall price correction is on the anvil. There are different income segments for home buying wherein the demand-supply equations also vary," he said.

Banks have become cautious while lending to real estate companies as well as home loan customers. This is quite unlike during the boom years between 2004-2007 when banks were willing to lend upto 100% of the property value.

According to RBI data, banks' loans to housing sector (including priority sector housing) grew by 12.1% (at Rs 3.88 lakh crore) in FY2011-12 as against 15% growth in FY2010-11. Commercial real estate was worst hit with a muted loan expansions of just 7.8% in FY12 compared with

"There is enough demand in the market. Good projects will get funding even in today's scenario. If good (regulatory) policies are in place, this sector will pick up in FY13. I don't see any price correction unless the sales volume goes up. Realty sector is going to witness fast-track growth in the coming ten years."

MHCI-Credai is asking that the 60 days approval system of the Municipal Corporation of Greater Mumbai should be implemented in all urban local bodies of Mumbai Metropolitan Region (MMR).

"Things should be streamlined soon," said Andish Ajmera, Director, [Ajmera](#) Group of Companies.

"Real estate companies should be in their comfort zone. Development has to go. The gap between demand and supply has to be bridged. Because of this gap, the prices have skyrocketed. Moreover, time of regulatory approvals has to be shortened," he said.

According to Vyomesh Shah, MD, [Hubtown](#) , formerly known as Ackruti City, banks do not want to lend money for lands but for construction works. Instead of correction, prices are likely to go up unless the supply side constraint is addressed.

**Saikat Das**

[saikat.das@network18online.com](mailto:saikat.das@network18online.com)