

## Daily Economic News Summary: 24 April 2015

### 1. Developers struggle to sell luxury flats, put new launches on hold.

Source: **Live Mint** ([Link](#))

Real estate developers are taking longer to sell luxury apartments, and are holding back on launching new projects in the segment due to weak demand in a subdued property market. Developers launch some 250,000 housing units every year in the top seven cities across all segments, and 10% of these launches are made up of luxury and high-end homes, according to property consultancy firm JLL India.

A report by another real estate consultancy firm, Cushman and Wakefield, released on Thursday says residential launches in eight major cities declined by 50% at 24,700 units in the first quarter of 2015 over the same period last year as most developers are focusing on completing existing projects. Experts pointed out that too-high price are a major deterrent for consumers who may want to buy luxury apartments.

### 2. PM Modi calls for mapping of human resources and making India a hub for export of services

Source: **Business Standard** ([Link](#))

Modi said that India has made the transformation from a country worried about its brain drain to a country that thinks of brain gain. Elaborating on the mapping of services, the PM stated that in a country as diverse as India, one size-fits-all approach may not be appropriate. He said that people of different regions have different talents and the effort could be made to develop those specific skills.

Stating that human resource is India's biggest asset, Modi said that India's development journey should focus on the 65 per cent of its population, which is below the age of 35. The PM further said that India could become a hub for global arbitration with changes in the legal system. The government has already introduced amendments to the Arbitration and Conciliation Act, 1996, in the Lok Sabha to encourage the international business community to settle commercial disputes in India.

### **3. Need to bring our patent laws on par with global standards: Narendra Modi**

Source: **Live Mint** ([Link](#))

Prime Minister Narendra Modi said that India's patent laws should be brought on par with global standards to make Asia's third largest economy a hub for outsourced creative services. It signaled a major shift in the government's stand on the intellectual property rights (IPR) regime as so far, India has maintained that its IPR regime is fully compliant with World Trade Organization rules and resisted pressure from the US and other developed countries to change its patent law.

The GES is expected to serve as a platform to enhance strategic cooperation and develop synergies between the players of the services sector in India and their global counterparts. India is targeting 10 focus sectors—information technology and telecom; tourism; media and entertainment; healthcare; logistics; professional services, including banking and financial services; education; research and development; space; and small firms in services. Modi said the government is also working towards financial-sector reforms to make India a hub for international financial activities to compete with financial centers such as Singapore and Mauritius.

### **4. ITC in talks to buy Century's paper business**

Source: **Hindustan Times** ([Link](#))

ITC Ltd, India's largest cigarette maker, is in talks with Century Textile and Industries Ltd to buy its paper division in a bid to diversify revenue to non-tobacco businesses, said two sources directly involved in the deal.

In separate transactions, Century's textile division will be merged with India's Aditya Birla Nuvo Ltd and the cement unit will be merged with Ultra Tech Cement Ltd, as part of the company's restructuring, the sources said. Axis Bank is advising Century Textile on the restructuring process, the sources said.

## 5. Air Traffic up 18.8%, Indigo leads

Source: **Business Standard** ([Link](#))

Domestic air traffic grew 18.8 per cent in March on a year-on-year basis, with IndiGo leading all airlines with a 36.4 per cent market share. This is the third consecutive month which saw a strong growth in air travel. Domestic airlines flew 6.2 million passengers last month as against 5.2 million passengers in March 2014.

Jet Airways and subsidiary JetLite retained the second spot, with 25.4 per cent share. Air India was third, with 16.9 per cent share in February.

## 6. India to become fourth largest infrastructure market by 2030

Source: **Economic Times** ([Link](#))

India would become fourth largest infrastructure projects market in the world by 2025 as real estate and construction sector is continuously evolving in the country, according to a RICS report. At present, India is at sixth position with 5.3 per cent share in the global infrastructure market and by 2025 its share will go up to 9.8 per cent and it will be at fourth position, the report added.

It also added that Indian government has announced plans to not just create REITs (Real Estate Investment Trusts) but also investment infrastructure trusts (InvITs). Therefore, investors, and the construction and real estate sectors more broadly, need to monitor changing policy landscapes to ensure they are ready to take advantage of new opportunities, the report said.

## 7. RBI revamps priority sector lending norms

Source: **Business Standard** ([Link](#))

The Reserve Bank of India (RBI) has revamped priority sector lending (PSL) norms. Now, loans to sectors such as social infrastructure, renewable energy and medium enterprises will also be treated as PSL.

Large foreign banks have been asked to meet the PSL targets - on a par with domestic banks - by 2018. The targets for small foreign banks will be brought on a par with those for domestic banks by 2020, in a phased manner.

## 8. New Enterprise Association looks to step up investments in India

Source: **Economic Times** ([Link](#))

United States-based New Enterprise Associates (NEA), which last week raised \$3.1 billion in the world's largest venture capital fund, is looking to step up investments in India after going slow over the past two-three years. The venture capital fund, which has backed start-ups such as daily deals firm Groupon and online storage service Box in the US, has said that it will look to sharpen its focus on technology related themes.

NEA, which raised over \$2.5 billion in committed capital for the fourth consecutive time, has invested about \$300 million in India till now from its previous two funds and has already started investing from the new fund, with a \$10 million infusion in online baby care products retailer FirstCry. The firm set up its India office over seven years ago and has since then built up a portfolio of over a dozen companies. It counts real estate broking portal IndiaHomes, day-care surgical chain Nova and television shopping firm Naaptol as its portfolio companies.

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