INFRASTRUCTURE: $35 billion boost from Japan

2nd Sep, 2014

Japan promised Rs 2.1 lakh crore in investment and financing for Indian infrastructure and smart cities for the next five years. No Indian Prime Minister has been able to extract such a mammoth investment pledge from any foreign power in one single visit.

This is a vital positive point for Indian economy as lack of funds is the main bottleneck in our infrastructure development. The magnitude of this investment can be seen by looking at the fact that it is almost 5% of the whole Eleventh Five Year Plan of Rs 50.5 lakh crore on infrastructure investment!

Main areas of Japanese investments are –

- Solar photovoltaic (PV) power plants
- Bullet train projects
- Smart Community projects (Development of three cities by the end of March 2015)
- Development of infrastructure linkages like power plants, assured water supply, high capacity urban transportation and logistics facilities
- Skill development programme
- Mass Rapid Transit Systems
- Seawater Desalination
- Roads and Road Transportation Sector development
- Supporting the Asian Development Bank to enhance its capacity to address the region's infrastructure and connectivity needs
- Transfer of technology in the manufacture of defense equipment.

RECOMMENDATION:

Several midcap, small-cap, and infrastructure stocks have fallen sharply, offering excellent opportunity to investors to enter.

The markets still offer opportunities for medium to long term investors in Equity Mutual Funds.

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