

Chinese premier Xi Jinping's visit to India next week will see several big announcements of investment in Indian industries. China, which has more than \$4 trillion in foreign exchange reserves, plans to invest \$500 billion overseas in the coming years. In the last 14 years, China has invested only about \$0.4 billion in India, contributing just 0.18% to overall FDI inflows.

Highlights of expected investments are outlined below –

- Investment areas include - bullet trains, industrial parks, twin city projects, energy sector, food security, culture, tourism, and film industry.
- More than \$7 billion in industrial parks in Maharashtra and Gujarat
- MOU to develop India's railway infrastructure
- More than 20 Chinese companies will sign purchase agreements with Indian companies worth \$650 million
- Indian government wants China to reduce the trade deficit by allowing easier imports of IT, pharma and farm goods and manufacturing of hi-tech and electronic goods in India.
- China has shown a renewed interest in winning road-building contracts. Road ministry feel India can harness Chinese capabilities to improve its infrastructure, including construction of high-quality highways, expressways etc.

Now with Japan announcing its plans to invest about USD 35 billion in the next five years in India, it will be interesting to see how China plans its investments.

This visit from 17th September next week should prove to be a big positive for the markets.

RECOMMENDATION:

Several midcap, small-cap, and infrastructure stocks have not appreciated, offering excellent opportunity to investors to enter at current levels. Some slow moving cyclical stocks may surprise the markets.

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

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