



## Indian PM Aims to Double Economic Output: Should You Buy Fairfax India Holdings Corp.?

### Description

Indian prime minister Narendra Modi delivered the opening keynote address at the World Economic Forum in Davos, Switzerland, on January 23. This marked the first time an Indian prime minister has given this address. India has had a tumultuous year after demonetization and a regressive goods and services tax contracted small and medium business activity. In spite of this, Modi's popularity has remained largely undimmed in India.

In October, the International Monetary Fund (IMF) [lowered its growth projection](#) for India in 2017 to 6.7% and to 7.4% in 2018. The IMF maintained this forecast and projected growth of 7.8% in 2019.

Modi set an ambitious goal of nearly doubling its economy by 2025 to \$5 trillion. A 129-large person delegation accompanied Modi with CEOs and significant cabinet members from the country arriving to make their mark in Davos. This represented the fourth-largest delegation of any major country at Davos, only behind the United States, Britain, and the host country Switzerland.

The spokesman for the Indian External Affairs ministry, Vijay Gokhale, had laid out the tone of the visit in a press briefing. "...India is open for business and ready to do business in a big way. We want to tell the world to come and invest in India."

**Fairfax India Holdings Corp.** ([TSX:FIH.U](#)) is a Toronto-based investment holding company that invests directly or indirectly in securities and debt instruments in India. The stock has climbed 19.6% in 2018 as of close on January 26. Since its listing on the Toronto Stock Exchange (TSX) Fairfax India Holdings has increased 83%. Considering the growth potential in India, the stock remains one of the [more attractive long-term options on the TSX](#).

Fairfax India Holdings released its 2017 third-quarter results on November 2, 2017. The company announced a net loss of \$53.2 million, or \$0.36 per share, compared to net earnings of \$66.4 million, or \$0.62 per share, in the prior year. The company absorbed a net change in unrealized losses on investments after increasing its 10% equity interest in Bangalore International Airport. Fairfax India Holdings reported that its net change in unrealized losses was offset by the net change in unrealized

gains in the investment of \$76.6 million in the second quarter of 2017.

India is positioned to become the fifth-largest economy in the world this year. The Indian economy has not contracted since the turn of the century and has grown by one-third since Modi took office.

Of course, India will be wrestling key challenges in the future. Income and wealth inequality, a global issue that was a key talking point among many at Davos, has been exacerbated during this period of economic growth. The top 0.1% of earners in India have captured more growth than the bottom 50% combined since 1980.

As we look ahead to the next decade, India remains on a torrid pace that should compel investors to look closely at Fairfax India Holdings as a premier long-term hold.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)

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