Topic : The Chinese Financial Crisis, and its implication on India

What is it –

1. China's economic fortunes have waned since it posted double-digit economic growth only a few years ago. Its GDP growth has slowed to levels not seen in a quarter-century as the authorities press ahead with a plan to restructure from a manufacturing-dependent economy to a consumption-driven model.

2. Its debt-to- GDP ratio has soared from 150% to nearly 260% over a decade, the kind of surge that is usually followed by a financial bust or an abrupt slowdown.

Positives –

1. This slowdown is advantages for India to catch up in the economic race.

2. While investors pull out funds from China; India is still an attractive market destination.

3. The downturn may be good for 'smart cities' and deficit-cum- inflation management but bad for automobile manufacturers. Gold might shine and mobiles can be cheaper.

4. The lower commodity prices could work towards India's ascendancy as it tries to revive its manufacturing sector and attract foreign companies to 'Make in India'.

5. India's push for infrastructural development perhaps could get boost from cheaper Chinese funds and resources.

6. Chinese cooperation in the development of India's high-speed rail network, renewable energy sector and smart cities could become more possible in the wake of reduced possibilities and opportunities for Chinese companies in their home country.

7. This slowdown will lead to lower level commodity prices in India which can also indicate lower inflation and higher GDP

8. The slowdown in China's economy must encourage Indian manufacturing companies to start making its own goods, at least for domestic consumption.

Negatives –

1. The biggest losers from China crisis could be the Government of India's ambitious' disinvestment plans' and the much needed' capital infusion' in the public sector banks.

2. The Indian export sectors that could be affected due to the Chinese economic downturn include textiles, garments, automobiles, etc.

3. The devaluation of the Chinese currency is expected to make India's exports expensive and widen the trade deficit with China

4. In order to push the growth rate if the Chinese Government adopts fiscal measures the Indian markets will be flooded with Chinese goods at lower prices. Eventually this would not only restrict India's exports but also pose a threat to the indigenous industrial output to some extent.

5. China's economic slowdown affects the count of some exporting commodities like engineering product, cotton, etc. Driven by the weak demand from China.

6. India will have a bad impact from the China's slowdown as the impact would be visible on India's export of cotton, copper and iron and steel which could further lower India's export to China.