

In a get together with my NRI friends recently, I ran a quick survey. My question was: "As an NRI living overseas, why do you invest in India?" The answers were quite varied. One friend said "My family suggested we buy property in India", another said "I had made these investments when I last visited India" and some friends were also frank enough to confess that they didn't really know why they did so.

The above discussions therefore led me to deliberate about the reasons and whether there was any merit in India being an investment destination for NRIs. Let us examine some compelling reasons:

INDIA: THE INVESTMENT HUB FOR NRIs

- India is one of the fastest growing economies in the world attracting a lot of foreign investors' attention. Annual GDP growth was at 7.55% in 2016 and this trend is expected to continue with the GDP growth expected at 7.74% in 2018, as per World Bank.
- The Indian economy has a huge domestic captive consumption base which spurs businesses to grow year on year. With consumer spending growing, India is set to be one of the largest consumer markets in the world spurring demand for many products and services.
- The Indian rupee has been stable for a while now. Even though it has depreciated by about 5% this year, a stable rupee dollar exchange rate seems likely due to the sound economic fundamentals of India at this point.
- India presents multiple investment opportunities to individual investors today – ranging from direct investments in businesses, stocks, real estate and also managed solutions such as PMS, bond funds,



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answers some vital questions regarding Non-Resident Indians looking at the country as an investment destination.

- equity mutual funds and also select corporate fixed deposits.
- From an investment destination perspective, Indian equities and fixed income are both showing promise over the next two to three years, especially as NRIs may not get the required returns on investments in their home countries.
- The Indian stock markets expected to do well over the next three to five years horizon, as corporate earnings get better due

to consumption demand and better capacity utilization.

- Indian fixed income investments also expected to deliver decent returns on the back of the country's sound macro economic fundamentals and favorable commodity prices.
- India allows liberal remittances to NRIs – upto USD 1 million in each financial year from an NRO account and NRE assets are fully repatriable.
- India also does have Double Tax Avoidance Agreements (DTAA) agreements with many countries such as UAE, USA, etc., making it efficient to set off taxes paid in one geography against the other.

The above list does detail many reasons why India should feature in a NRI's portfolio, even though one may not really be contemplating moving back to India. All in all India still seems like an investment opportunity worth evaluating.

An India portfolio may also add diversification to a NRI portfolio which may be missing out on opportunities by not adding India oriented investments. And of course, there could be the added element of emotional connect for NRIs investing in India, though in my view that cannot be one of the reasons for this decision.

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