

Where the Indian diaspora's money is going



India has the largest diaspora in the world, according to the United Nations' Migrant Stock 2019 report released on Wednesday. But how and where does this diaspora invest and save money?

According to a 2018 World Bank report, India retained its position of receiving the highest remittances last year with NRIs sending as much as \$80 billion back to their homeland. The report showed that inward remittances are on a steady rise. In 2016, remittances made for \$62.7 billion and in 2017, the value stood at \$65.3 billion.

The Indian diaspora comprises 17.5 million individuals, with the number increasing by 10% from 15.9 million in the last four years alone, said the report. According to Vishal Dhawan, certified financial planner and founder of Plan Ahead Wealth Advisors, who has a significant number of non-resident Indian (NRI) clients, "A large number of them are looking to save aggressively whilst overseas to support both current and future needs, due to organizations willing to upscale and downsize more rapidly depending on the external environment."

When it comes to remittances, Dhawan said the investment pattern of NRIs in India has become mostly "need-based". Most NRIs tend to use a combination of NRE deposits, mutual funds and real estate (both in India and their current geography of residence) for their investments.

"Earlier they would earn abroad but restrict most of their investments to India, especially in real estate. But now with the slowdown in India's real estate and the economy in general, investments are getting divided almost equally between India and abroad," said Dhawan. However, some of the NRIs now are sending money to fulfil their families' needs.

But what's causing more and more Indians to move to foreign countries?

"With greater acceptance for the nuclear family structure and a higher quality of life quotient, moving abroad has become convenient. There's also greater acceptance for Indian professional talent overseas today and the higher savings potential in certain efficient geographies is attracting more Indians," said Dhawan.

