



# **NRI FINANCIAL PLANNING – INVESTMENT ASPECTS**



# **CURRENT INDIAN INVESTMENT LANDSCAPE FOR NRI**



# ***Why should an NRI invest in India?***

# Why should an NRI invest in India?

Growth rate of top 20 economies of the world. Growth rate in the year 2022.

Country	Growth Rate	Country	Growth Rate
Saudi Arabia	7.6 %	Iran	3.0 %
India	6.8 %	Brazil	2.8 %
Indonesia	5.3 %	South Korea	2.6 %
Netherlands	4.5 %	France	2.5 %
Spain	4.3 %	Switzerland	2.2 %
Australia	3.8 %	Mexico	2.1 %
UK	3.6 %	Japan	1.7 %
Canada	3.3 %	USA	1.6 %
China	3.2 %	Germany	1.5 %
Italy	3.2 %	Russia	-3.4 %

Source : [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD)

Source : <https://ceoworld.biz/2022/03/31/economy-rankings-largest-countries-by-gdp-2022/>

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NRI - FINANCIAL PLANNING – INVESTMENT ASPECTS

# Why should an NRI invest in India?

## Change in Interest Rates in top 20 economies of the world.

Country	Rate as on		Country	Rate as on	
	01-01-2022	01-12-2022		01-01-2022	01-12-2022
Brazil	9.25 %	13.75 %	UK	0.25 %	3.00 %
Mexico	5.50 %	10.00 %	Australia	0.10 %	2.85 %
Russia	8.50 %	7.50 %	Switzerland	-0.75 %	0.50 %
India	4.00 %	5.90 %	Germany	0.00 %	0.00 %
Indonesia	3.50 %	5.25 %	Netherlands	0.00 %	0.00 %
Saudi Arabia	1.00 %	4.50 %	Italy	0.00 %	0.00 %
USA	0.15 %	4.00 %	France	0.00 %	0.00 %
Canada	0.25 %	3.75 %	Spain	0.00 %	0.00 %
China	3.80 %	3.65 %	Japan	-0.10 %	-0.10 %
South Korea	1.00 %	3.25 %			

Source : <https://www.cbrates.com/>

Source : <https://www.cbrates.com/centralbanks.htm#b>

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NRI - FINANCIAL PLANNING – INVESTMENT ASPECTS



# Why should an NRI invest in India?

Stock market performance of top 20 economies of the world.  
Change from 01-12-2021 to 01-12-2022 (last one year).

Country	Change	Country	Change
India – Sensex	8.25 %	Canada - S&P/TSX	-1.49 %
Brazil – BOVESPA	7.68 %	Italy - FTSE MIB	-4.87 %
Indonesia - IDX Composite	6.64 %	Germany – DAX	-4.88 %
UK - FTSE 100	6.37 %	Netherlands – AEX	-5.91 %
Spain - IBEX 35	1.90 %	Switzerland – SMI	-7.53 %
Australia - S&P/ASX 200	1.79 %	USA - S&P 500	-10.86 %
Japan - NIKKEI 225	1.70 %	China - Shanghai Composite	-11.43 %
Mexico - S&P/BMV IPC	1.49 %	South Korea – KOSPI	-15.80 %
Saudi Arabia Tadawul All Share	-0.55 %	Russia – MOEX	-44.57 %
France - CAC	-0.61 %		

Source : <https://in.investing.com/indices/major-indices/performance>

# Why should an NRI invest in India?

Depreciation of the currency against US\$ of 20 economies of the world. Change from 01-12-2021 to 01-12-2022 (last one year).

Currency	Change %	Currency	Change %
Turkey (TRY)	-40.57 %	Switzerland (CHF)	-2.17 %
Japan (JPY)	-19.87 %	Saudi Arabia (SAR)	-0.27 %
South Korea (KRW)	-10.84 %	Spain (Euro)	7.96 %
China (CNY)	-10.52 %	Germany (Euro)	7.96 %
South Africa (ZAR)	-9.61 %	Italy (Euro)	7.96 %
UK (GBP)	-9.33 %	France (Euro)	7.96 %
Indonesia (IDR)	-8.53 %	Netherlands (Euro)	7.96 %
India (Rupee)	-8.31 %	Brazil (BRL)	8.95 %
Canada (CAD)	-4.69 %	Mexico (MXN)	10.98 %
Australia (AUD)	-4.26 %	Russia (RUB)	17.19 %

Source : <https://in.investing.com/currencies>



# ***Equity Investments for NRI***



# Equity Investments for NRI

- ✓ Strong economic outlook – oasis in the ocean of despair.
- ✓ Manufacturing in India on a revival path.

China's relations with the world.

Stop – Start Chinese economy.

China plus one approach in global supply chain.

# Equity Investments for NRI

✓ Services – major contributor to India's growth.

ITES – suffering on account of winds of recession.

Contact oriented services – strong pickup.

✓ Capital investments by Government & Private Sector increasing.

✓ Government finances in a good shape with record tax collections of Direct Taxes (Income Tax) and Indirect Taxes (GST). Increasing tax compliances by taxpayers.

# Equity Investments for NRI

- ✓ National interest oriented external political relations.

Procuring cheap Russian oil and still have healthy relations with the west.

- ✓ Effective handling of Covid – medically with financial prudence.
- ✓ Robust IT backbone for corporates to expand digitally.

# Equity Investments for NRI

- ✓ Strong confidence of local investors.

Investment in Equity oriented Mutual Funds by SIP (Systematic Investment Plan) increasing month on month.

- ✓ India emerging as a preferred investment destination in comparison to other emerging and developed markets.
- ✓ Greater allocations by global passive and active funds resulting in organic inflows to Indian equity markets.

# Equity Investments for NRI

## Fears...

- ✓ Valuations of stocks in certain sectors are quite rich, discounting the future.
- ✓ Winds of global recession could also blow in certain segments, which may dampen overall growth.
- ✓ Rising interest rate & inflation may get imported to India.





# ***Fixed Income Investments for NRI***

# Fixed Income Investments for NRI

- ✓ Interest rates in India on a rise, in sync with the global pears.
- ✓ Credit quality of Indian Central Government, State Governments, Corporates and banking is strong.
- ✓ Long term G-Sec available at attractive rates as compared to bank deposits.
- ✓ Mark – to – market gain expected in long term bonds as interest rate uptrend seems to be nearing the end.

# Fixed Income Investments for NRI

- ✓ Expectations of depreciation of Indian Rupee are limited. Hence, the return on Indian fixed income would be real return.
- ✓ Net of tax return on fixed income investment is a major consideration.
- ✓ India has different tax rates for different fixed income investments. NRIs also have to take into account taxation in India along with home country together.



# ***Real Estate Investments for NRI***

# Real Estate Investments for NRI

- ✓ Reflection of economic growth will be visible in the Real Estate sector.
- ✓ Indian Real Estate sector unlikely to get impacted by increased interest rates as most of the borrowings are on dynamic interest rates.
- ✓ Real Estate sector getting organized on account of regulatory framework (RERA) in place.



# Real Estate Investments for NRI

- ✓ Liquidity and management of Real Estate continues to be a challenge.
- ✓ Process of investment, disinvestment and remittance of proceeds requires efforts and time.
- ✓ Real Estate is not a preferred route of investment vis-à-vis financial assets for NRI.
- ✓ Real Estate for self use of NRI planning or may be required to relocate to India on need basis.



# **INVESTMENT OPPORTUNITIES FOR NRIs IN PRESENT DAY INDIA**



# ***Avenues for Equity Investments for NRI***

# Avenues for Equity Investments for NRI

## Equity oriented Mutual Funds

- ✓ Professional fund management from global fund management companies.
- ✓ Diversification of stocks and sectors with agile fund management.
- ✓ Ease of operations – Complete digital process of investing with no requirement of Demat Account.
- ✓ Taxation only when units are transferred. Notional taxation in US under PFIC.
- ✓ Wide choice of options suited to specific needs.

# Avenues for Equity Investments for NRI

## Existing investment in Equity oriented Mutual Funds

- ✓ Investment in Equity Mutual Fund schemes on random basis.
- ✓ Investment in NFO (New Fund Offer) of Mutual Funds.

## Prudent investing approach

- ✓ Well designed portfolio of Mutual Fund schemes with distribution across Large, Large & Mid, Flexi cap, Multi cap, Mid cap, Small cap, Value, Thematic & Sectoral funds, Foreign Funds.
- ✓ AMC (Asset Management Company) concentration should be checked.
- ✓ Quartile performance monitoring.
- ✓ Investment strategy to be planned in systematic basis over a period of time.



# Avenues for Equity Investments for NRI

## Equity based Portfolio Management Service (PMS)

- ✓ Investment in a portfolio of Equity Shares.
- ✓ Diversification of stocks.
- ✓ Taxation when shares are transferred. No notional tax in US.
- ✓ Choice of portfolio options and also choice of fund manager is available as per specific needs.
- ✓ PMS portfolio unimpacted by inflow & outflow of other investors.
- ✓ Limited restrictions on fund management.
- ✓ Minimum investment size Rs. 50,00,000/-.

# Avenues for Equity Investments for NRI

## Existing investment in Portfolio Management Service (PMS)

- ✓ Investment in PMS schemes without peer comparison.

### Prudent investing approach

- ✓ Various options available such as Large Cap, Mid Cap, Multi Cap, Mid Cap, Small Cap, Value, Contra, Sectoral, Thematic.
- ✓ Performance monitoring is gaining importance.
- ✓ Diversification across PMS managers.
- ✓ Rs. 50 Lakh can be diversified in different schemes of the same PMS managers.
- ✓ Transfer of PMS within the same PMS manager, if need be.

## Investment in Unlisted Shares

Why should we invest in Unlisted Shares?

- ✓ “CATCH THEM YOUNG” - early mover advantage.
- ✓ The returns on such stock would be multi-bagger.
- ✓ When the come for IPO the success story is evident & visible to the world at large.

# Avenues for Equity Investments for NRI

## Investment in Unlisted Shares

Parameters for stock selection when investment directly in specific stock.

- ✓ Promoter.
- ✓ Track Record.
- ✓ Business activity – Futuristic.
- ✓ MOAT – Competitive advantage available.
- ✓ Possibility of value unlocking – chances of going for IPO.
- ✓ Comfort in longer holding period – For delay in IPO.



# Avenues for Equity Investments for NRI

Stocks of top Indian unlisted companies with bright future available



National Stock Exchange



**TATA** TECHNOLOGIES



Reliance Retail Ltd.



*Seek complete details from us for investing in these companies*



# Avenues for Equity Investments for NRI

## Investment in Alternative Investment Fund (AIF)

- ✓ Structured way of investment in Listed, Unlisted Stocks, Fixed Income & Derivatives.
- ✓ Worthwhile avenue for investing in unlisted stocks due to availability of other product options in case other investments.
- ✓ Investment in unlisted stocks by highly experienced Fund Managers connected with industry.
- ✓ AIF managed by institution of high repute.
- ✓ Minimum investment size is Rs. 1 Cr.
- ✓ Payable normally in tranches.
- ✓ Investment period could be 5 + 1 + 1 years.

## Investment in Alternative Investment Fund (AIF)

- ✓ Investment in Unlisted Stocks, through AIF, can address the major concerns of investor such as:
  - Which unlisted companies to invest in?  
Their business, future, promoters, chances of IPO, etc.
  - What price to pay for unlisted stock?  
Comparison with Indian & Global peers, adopting well analyzed valuation model.



# ***Avenues for Fixed Income Investments for NRI***

# Avenues for Fixed Income Investments for NRI

## Investment in Target Maturity Funds

- ✓ A category of Debt Based Mutual Funds backed by reputed Asset Management Companies
- ✓ Target YTM (Yield to Maturity) of approximately 7%+ with investment horizon of 7 years.
- ✓ High chances of mark to market gains in few years in the falling interest rate environment.
- ✓ Taxation at concessional rate of 10% for long term gains (holding period exceeds 3 years) for NRI.

# Avenues for Fixed Income Investments for NRI

## Investment in Bank & Corporate Deposits

- ✓ Investment can be made in NRE Fixed Deposits, the interest on which is tax free and assured.
- ✓ In case of anticipation of any foreign currency fluctuation, FCNR deposits can be placed, the interest on which is tax free.
- ✓ Funds in INR can be borrowed against such NRE or FCNR deposits which can be invested in equity markets or any commercial venture.
- ✓ Investment can also be made in corporate fixed deposits of reputed companies through NRO bank account which can fetch better returns.



# Avenues for Fixed Income Investments for NRI

## Debt based options (Fixed Income)

### FDs with SBI Bank (w.e.f 22-10-2022)

Duration	NRE	NRO	FCNR			
			GBP	USD	EURO	YEN
1 year to less than 2 years	6.10 %	6.10 %	2.00 %	2.85 %	0.01 %	0.02 %
2 years to less than 3 years	6.25 %	6.25 %	2.35 %	3.00 %	0.01 %	0.05 %
3 years to less than 5 years	6.10 %	6.10 %	2.45 %	3.10 %	0.01 %	0.05 %
5 years to 10 years	6.10 %	6.10 %	2.45 %	3.25 %	0.15 %	0.05 %

### FDs with ICICI Bank (w.e.f 01-12-2022)

Duration	NRE	NRO	FCNR			
			GBP	USD	EURO	YEN
1 Year	6.25 %	6.25 %	2.00 %	3.35 %	-	-
Above 1 year to less than 2 years	6.75 %	6.75 %	1.50 %	2.50 %	-	-
2 years to less than 3 years	6.80 %	6.80 %	NA	2.50 %	-	-
3 years to less than 5 years	6.50 %	6.50 %	NA	2.50 %	-	-
5 years to 10 years	6.50 %	6.50 %	NA	2.50 %	-	-



# Avenues for Fixed Income Investments for NRI

## Debt based options – NRO FD with NBFC

(Extra 0.25% for senior citizens)

### FDs with Housing Development Finance Corporation (HDFC) (w.e.f 14-11-2022)

Duration	Monthly Option	Quarterly Option	Half - Yearly Option	Annual Option	Cumulative Option
12 – 23 Months	6.40 %	6.45 %	6.50 %	-	6.60 %
24 – 35 Months	6.60 %	6.65 %	6.70 %	6.80 %	6.80 %
36 Months	6.65 %	6.70 %	6.75 %	6.85 %	6.85 %

### FDs with Bajaj Finance Ltd. (w.e.f 22-11-2022)

Duration	Monthly Option	Quarterly Option	Half - Yearly Option	Annual Option	Cumulative Option
12 – 23 Months	6.60 %	6.63 %	6.69 %	6.80 %	6.80 %
24 – 35 Months	7.02 %	7.12 %	7.12 %	7.25 %	7.25 %
36 Months	7.25 %	7.36 %	7.36 %	7.50 %	7.50 %

# Avenues for Fixed Income Investments for NRI

## Investment in Guaranteed Return Insurance Plan

- ✓ Premium is paid for a term of 5, 10, 15 installments and maturity proceeds are received after a term in a fixed pre-decided manner.
- ✓ The guaranteed payment is in a manner that the IRR (Internal Rate of Return) turns up to 6% + over the tenure of the policy depending on the age of the investor.
- ✓ The life cover of the insured extends up to beginning of the maturity proceeds.
- ✓ The insurance premium paid is eligible for deduction under section 80C of the Income Tax Act up to Rs. 1.50 lakhs per year and the maturity proceeds are also tax-free in India.



# ***Avenues for Real Estate Investments for NRI***

# Avenues for Real Estate Investments for NRI

## Investment in REITs (Real Estate Investment Trusts)

- ✓ Financial instrument with an exposure into class quality real estate projects.
- ✓ Real Estate assets are offered on sale in the form of units listed on stock exchange ensuring liquidity.
- ✓ Appreciation in the value of units with Rental Income, are the return on investments.
- ✓ Rationalized Taxation at unitholder level.



# Avenues for Real Estate Investments for NRI

## Investment in Real Estate for own use

- ✓ Investments can be in developed real estate where property documentation needs to be verified.
- ✓ Investments can also be in real estate under development where credibility of developer needs to be ensured.
- ✓ Location of property is important considering convenience and feasibility of NRI.
- ✓ Management and safekeeping of the property should be convenient.
- ✓ Prospects of appreciation and letting out should be considered while deciding the place.

# Avenues for Real Estate Investments for NRI

## Investment in Commercial Real Estate

- ✓ Investment should be made considering the rental yield and appreciation prospects.
- ✓ Liquidity of the property and management during its pendency are important factors to be considered.
- ✓ Institutional letting out is ideal to ensure the property in safe hands and improving marketability.
- ✓ Management and safekeeping of the property should be convenient.
- ✓ Investment can be made from funds borrowed against NRE/FCNR deposits. The borrowing interest can be availed as a deduction while the interest earned on such deposits is tax-free.



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## NRI Financial Conclave 2022 - Season 6

Dates	Topics
18/12/2022 Physical Event (AHMEDABAD)	NRI Taxation & Regulations - Myths & Truths (Gujarati language) NRI Investment opportunities - Myths & Truths (Gujarati language)
23/12/2022 Physical Event (MUMBAI)	NRI Taxation & Regulations - Myths & Truths (English language) NRI Investment opportunities - Myths & Truths (English language)
25/12/2022 Physical Event (RAJKOT)	NRI Taxation & Regulations - Myths & Truths (Gujarati language) NRI Investment opportunities - Myths & Truths (Gujarati language)

**Registration required | Registration Timing : 10:00 AM to 7:30 PM**  
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# Thank you...

# Questions ?



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