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# The main reasons that should help you decide about investing overseas

Do you want to invest outside India? Read this article first

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Do you want to invest outside India? Are you planning to move abroad? Would you like to invest in another country and get a Permanent Residency or Citizenship? If yes, it is highly advisable to start planning such an investment now.

The main reasons one may want to invest overseas are:

## Portfolio diversification

Portfolio diversification is key to sound investment planning. Most of you would have already diversified your investment across various assets – Equities, Bonds, Funds, Real Estate, Gold, etc. Similarly, it also makes sense to diversify your investment geographically to manage risk, especially geopolitical risks, as well domestic economic and political risks.

You may also want to invest overseas to capitalise on better-earning opportunities in the global markets. For e.g., the COVID-19 pandemic has created an enormous opportunity for the technology sector across the world. As a result, the NASDAQ has given a return of 44 percent last year compared to 19 percent by NIFTY.

## Settling Abroad

Many of you may be looking at moving overseas for various reasons like children's education, better lifestyle, business opportunities, family reunion, etc. One of the easiest ways of migrating is through investments. Many countries are now offering residency/citizenship in return for a sizable investment in business, property, funds, etc.

The US has EB-5 program whereby you can get a Permanent Residency (Green Card) for the family for an investment of \$900,000 or \$1,800,000 (and some other conditions). Another program that has garnered high interest from investors is the Portugal Golden Visa. Under this program, you can get residency in Portugal (which can eventually lead to citizenship and thereby the right to settle anywhere in the European Union) to invest €500,000/€350,000 in property or Venture Funds.

Canada also offers many Business Immigration opportunities whereby you can invest in setting up a business or expanding existing business (CAD\$ 200,000 onwards) and become eligible for Permanent Residency.

Similarly, the UK has recently introduced Start-Up and Innovator visa programs under which you can start a new innovative business and become eligible for Permanent Residency on successfully establishing the same.

Apart from the above, many other countries like New Zealand, Australia, Greece, Spain, Bulgaria, Turkey etc. which offer Permanent Residency/Citizenship for investment.

## Building Capital For The Next Generation

Many of you would be planning to send your children overseas for education and ultimately settling them there. In such a case, it makes sense to keep investing overseas regularly and gradually building up capital for the next generation.

Thus, we have seen that it makes sense to invest overseas for various reasons mentioned above and many more. In India, foreign investment is still regulated under the Foreign Exchange Management Act (FEMA). You must generally take prior approval from the Reserve Bank of India (RBI) for sending money abroad.

However, to make it easy to meet the genuine requirements for foreign education, medical treatment, maintenance of relatives abroad, gifts, investments, etc. RBI has provided for the 'Liberalised Remittance scheme' (LRS). Under this scheme, individuals can send up to US\$250,000 outside India in each financial year under the automatic route without requiring RBI permission.

It is important to note that this benefit is available to all family members, including minor children. This means that a family consisting of husband, wife, and two children can remit US\$1 million every year outside India. Since this benefit is available for each financial year (April to March), you need to keep the same in mind for annual financial planning and taxation.

One good strategy would be to accumulate money in your bank account overseas so that you can utilise the same as and when the need arises without have to worry about exceeding the annual cap of US\$250,000.

Thus, the LRS is an excellent facility provided by the RBI and one should utilise it for meeting various requirements as explained above as well as for building a diversified portfolio spread across not only asset classes but also countries. However, just like any other investment, this process also requires proper planning and execution and compliance with FEMA and taxation regarding documentation and disclosure requirements. Hence, it is advisable to consult a qualified professional like your banker and/or Chartered Accountant for the same.