

Should NRIs invest in India (even after considering the currency conversions)??

Please take a moment to review this analysis to make an educated choice.

Indian Investor Vs NRI Investor					
Investor Country	Conversion Rate in 2012	Invested in 2012 (Equivalent of INR 2.4L)	Valuation after 10 years if funds converted back at 2022 Conversion rate	Conversion Rate in 2022	Annualised Returns
INDIA	1	INR 2,40,000	INR 10,17,000	1	15.53%
AUSTRALIA	54.04	AUD 4,441	AUD 18,616	54.63	15.41%
EURO	72.46	EUR 3,312	EUR 12,471	81.55	14.18%
CANADA	54.9	CAD 4,372	CAD 16,387	62.06	14.13%
UK	82.29	GBP 2,917	GBP 10,623	95.74	13.80%
DUBAI	14.95	AED 16,054	AED 46,318	21.957	11.18%
USA	53.01	USD 4,527	USD 12,719	79.96	10.88%

The world is getting smaller and smaller. Now a days almost every family has someone or the other who is working abroad or has settled abroad. This time we present an investment analysis for such investors who have income in foreign currency and want to make their savings work harder and provide higher returns than their home country.

Scenario assumes an investment of Rs 2.4 Lakh (invested as lumpsum in a combination of hybrid and midcap funds) and the investor stays invested for 10 years. As per the currency exchange rates of 2012, equivalent amounts in foreign currency can be seen in the table above. This investment is converted back to foreign currency after 10 years at appropriate conversion rate. As seen in the table the annualised returns for the currencies which have not appreciated is better than other. Overall, however, whichever the country, the returns are still in the range of about 10%-15%, which should be worth the effort even after considering the costs of currency conversion since similar investment opportunities might not be easily available in foreign countries.

*Regarding taxation for such scenarios, please consult your CA.