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WE PLAN, YOU PROSPER



Insurance for
**Non-Resident
Indians**

Boosting Your Financial Strategy



About Us

Financial Sketchers (India), registered under: IRDA (Insurance Regulatory Development Authority) comprises of a team of experienced & certified advisors. The company has over 20 years of diverse experience in: Wealth Management and managing investment portfolio for their clients in domestic and international space.

We prefer and are happy to provide door-step-service to our clients to build trust and long term relationship.

Our current countries of work include: India, Hong Kong, Singapore, UK/ UAE and now extending to Kenya as well starting Dec 2017. We could carve out a neat investment portfolio for Indian individuals/ businessmen to spreads across their investments in the stated countries.

India, as a country, currently stands as a 'favorite' of all Indians across the globe for its formidable growth trajectory that it is poised to acquire. There is a heavy inflow of investments in India from across companies and individuals from Kenya itself.

Services

-  Wealth Builder
-  Shield & Protect
-  Merging Economies
-  HNI Exclusive
-  Retire Safely
-  Collaborative Portfolio

Associations



Key Objectives

- ✓ To impart relief to underprivileged sections, including women, children and the elderly
- ✓ Idealise and develop institutions for the disabled to provide them with education, food, and clothing
- ✓ Run and manage operations of hospitals, schools, old-age homes etc.
- ✓ Felicitate deserving children with awards, prizes, and scholarships
- ✓ Provide basic health care facilities to the needy
- ✓ Work towards the advancement of any object of general utility
- ✓ Encourage the spirit of adventure and sportsmanship, inspiring participation in games for skill development

Projects Sankalpa



Dedicated towards providing education to children from deprived sections of society

Sahodaya Senior Secondary School



An NGO working for the welfare of children with disabilities

Astha



Involved in charity works concerning orphans, underprivileged and handicapped children, empowering them towards self-reliance

Children Education Society



Supports a number of charitable works for the benefit of underprivileged children

Children Care and Literacy Society



Sankalpa has supported Continua Kids in offering the therapies as Physiotherapy, Occupational Therapy, Speech Therapy, Music Therapy, Applied Behavior Analysis, Aquatic Therapy.

Continua Kids



Imparting computer skill development to underprivileged children is another good cause which Sankalpa supports, while working in close partnership with Genpact India Private Limited

Computer Literacy

Sankalpa

Sankalpa is an independent, not-for-profit public charitable trust that works towards the upliftment and welfare of the underprivileged sections of our society. For more than two decades, we have directed our efforts towards improving living conditions for deprived children and elderly citizens. It is our firm belief that education is the cornerstone for change - it leads to empowerment, instills moral values, and offers an opportunity for a better life. Thus, our initiatives also focus on the upbringing of orphans on a solid foundation of good education. The trust works towards these goals through donations and voluntary contributions.

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From the Editor's Desk

Accidents or Calamities can happen to anybody and too they come without forewarning or notice. When they do happen, they can result in substantial unanticipated financial losses. Insurance is financial safety net, an intangible financial product which protects against any such future contingencies. Insurance, therefore is a financial matter of paramount importance for every individual and business entity. The cost to benefit ratio is so enormous that it should have been a no brainer to buy these products. In spite of such incredible benefits, insurance is a much-maligned subject with low market penetration. The key reasons for this are: -

- Poor understanding of the product by the people who need it.
- Unfortunately, low investor education initiatives by the providers that is the Insurance companies.
- Insurance is a long-term product, so it raises doubts in the mind as to what happens if the insurance company goes bankrupt. In India the Insurance companies are governed by Insurance Regulatory Development Authority (IRDA). Besides enacting laws for Insurance sector, IRDA also lays down very strict financial norms for an Insurance Company. As per current regulations at any given time an Insurance company has to maintain a reserve of 1.5 times the outstanding dues. This will ensure that whatever may happen, one will receive its dues.

Best,

Team Meri Punji



Punji (noun / Hindi) - **Capital** meaning, wealth in the form of money or other assets owned by a person or organization or available for a purpose such as starting a company or investing.

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INDIA - LAND OF OPPORTUNITIES

The dream run of Indian economy has encouraged several foreign institutional and individual investors to explore investment opportunities in the country

The sustained effort by the Government to establish India as a global investment destination has slowly started paying off. In the year 2019, India has risen 14 places on the Ease of Doing Business list by The World Bank. The dream run of Indian economy has encouraged several foreign institutional and individual investors to explore investment opportunities in the country.

India's post-independence journey began as an agrarian nation; however, over the years the manufacturing and services sector has emerged strongly. Today, its service sector is the fastest-growing sector in the world, contributing to

more than 60% to its economy and accounting for 28% of employment. Although the contribution of its agricultural sector has declined to around 17%, it still is way higher in comparison to the western nations. The economy's strength lies in a limited dependence on exports, high saving rates, favourable demographics, and a rising middle class.

Having a GDP of over US\$2.6 trillion, the nation is firmly on the path on becoming the fifth largest economy in the world and cross the US\$5 trillion mark by 2025. Despite several hiccups across global markets, India has managed to be the world's fastest growing large economy - at a rate of 8.2% in the first quarter of 2018-19. The steady growth and the future of the growth can be attributed

to several factors such as the young working population, rising levels of education and skills and several development initiatives undertaken by the Government. These factors have not only led India in becoming more competent in terms of doing business and attracting investments, but has also seen a staggering jump in several global indices such as the Start-up Ecosystem Ranking

(#17), Global Manufacturing Index (#30), Logistics Performance Index (#44), Global Innovation Index (#58), Global Competitiveness Index (#58), Ease of Doing Business Index (#63), etc.

With the guidance and assistance of many investment promotion and facilitation agencies such as 'Invest India' and 'Make in India' which focus on sector-specific investor

targeting and development of new partnerships, have enabled sustainable investments in India. The 'Make in India' initiative of the country predicts an 8% increase in GDP by 2022 to 25%. In addition, the India Investment Grid (IIG) launched by the government aims to showcase a menu of investment options across India on a single interactive platform, thus connecting potential investors to project promoters.

India has witnessed multiple big corporates such as Samsung and Mastercard to set up their largest data centres outside of USA in our country reiterating India as a key player to attract investments.

For India to help achieve the US\$ 5 trillion economy consistent 8% growth, NITI Aayog – the policy think tank of the government has released a comprehensive document titled 'Strategy for New India @75'. The document lists down key objectives such as:- doubling farmers' incomes, creating an all India talent pool for the entre and states together, achieving 22% tax to GDP ratio by 2023 - up from the current 17%, achieving 36% of investment rate by 2023 - up from the current 29%.

The above points suggest that India's unwavering democratic credentials and strong government leadership means that the country has a promising economic climate. Therefore, India is all set to ensure shared prosperity for 1.25 billion citizen and be a promising investment destination for domestic and international investors ■



Ali Onder Lulu
Chief Distribution Officer



Importance of life insurance for NRIs

Indians have spread to virtually every corner of the globe, making their mark in their chosen line of business or profession. As an Indian living abroad, it makes good financial sense to stay in touch with your roots and make wise investments back at home, especially when the country is at a developing stage.

India is one of the fastest-growing economies in the world and various economic estimates peg its annual growth rate at 6%–7%. This is significantly higher as compared to other economies in the developed world where there is either nominal or no growth. This makes India an attractive investment destination for NRIs.

Whether you are pursuing your dream job abroad and wish to return to India post retirement, or if you have ageing parents back home dependent on you for financial support, it is prudent to take calibrated financial decisions, especially at a time when uncertain economic conditions are prevailing in the more developed parts of the

world. It is also imperative to provide for the long-term security and financial goals of your dependents.

An NRI has various options to choose from while structuring their finances. There is no one-size-fits-all investment strategy that can be prescribed; an ideal financial plan should have an optimum mix of various asset classes. However,

we would like to lay stress on the role of insurance as an asset class for an NRI to meet their financial goals. Life insurance products can help address an array of financial needs and goals, as they can be customized for specific purposes.

Investment in insurance is a viable option and should be part of one's overall investment portfolio. Insurance provides multiple benefits like financial coverage and additional protection through riders and income tax rebates, helping build tax-free capital through regular savings.

mentioned in the policy terms. One must learn that the list of documents required may vary across insurers.

Some of the most common documents required for making a claim include a copy of the policy, death certificate of the insured, identity proof of the nominee, etc. Most importantly, if the death of the insured occurs in a foreign nation, the nominee needs to submit a death certificate duly attested by the Indian Embassy in the respective country.

	Mutual Funds	Insurance
Scope	Only Investment	Investment and Insurance cover
Tax Benefits	Only Equity-Linked Saving	At the time of investment – Sec 80 C Benefit
	Schemes - Mutual Funds	At maturity, the complete proceeds received are tax-free
Lock-in Period	3 years	Min 5 years
Returns	Market linked and fluctuating	Guaranteed but lower compared to MFs

If an NRI has purchased a life insurance policy from an insurer in India, the policy is bound to cover death, irrespective of the country where the event occurs. The death benefit is paid to the beneficiaries of the policyholder in the currency specified in the policy document i.e., either in Indian Rupee or any other foreign currency.

In order to make a claim, the nominee needs to submit all the documents as

Here is a case study. Girish is a 40-year-old NRI based in Australia working as a Senior Software Developer. He has two children aged 7 and 12 years old, and his wife Priya is a home-maker. His parents are retired and reside in Delhi. They have no source of income and rely on their son for monthly expenses. Girish can build a portfolio of insurance products that can help address important financial goals:

LIFE COVER ON SELF FOR THE FINANCIAL SECURITY OF HIS FAMILY

Girish has five dependents, and therefore, it is crucial that he is adequately covered. Pure term insurance plans are ideal for this purpose. Currently, online terms plans are competitively priced and convenient to purchase. A term insurance plan will ensure that Girish's family is financially secure and that their financial aspirations are not compromised in case of the unfortunate event of Girish's death.

PROVISION FOR HIS CHILDREN'S EDUCATION / MARRIAGE

Provisioning and creating a corpus for children's education and future events like marriage must ensure the following:

- Wealth creation over the long term to ensure cash pay-outs at key educational milestones of his children
- Financial security to ensure that the education of the child does not get compromised in case of an eventuality to the breadwinner of the family

In case something happens to Girish, investment in his children's future should continue, and they should get the benefits when required. Hence,



investing in child plans designed by insurance companies will ensure that financial plans for the children remain unhindered even in the face of an eventuality to meet cash pay-outs on key educational milestones. In such plans, upon the death of the parent, the family gets a lump sum amount, and the life insurance company pays all future premiums on behalf of the policyholder.

REGULAR GUARANTEED INCOME FOR PARENTS

Girish's parents need a guaranteed income to meet their day-to-day expenses. The product that addresses this goal is the Immediate Annuity Plan offered by life insurance companies. Girish can purchase an Immediate Annuity product, which will then generate regular income for his parents in India. Additionally, he has the option of choosing the frequency of the pay-outs. Upon the death of the last surviving parent, Girish will get the entire investment amount back, which he can repatriate to his country of residence.

WEALTH CREATION FOR HIMSELF AND HIS SPOUSE

Long-term wealth creation requires Girish to systematically save and invest in avenues that provide

superior long-term, risk-adjusted returns. As an emerging economy, India has exhibited a robust rate of growth in the recent past and has the potential for sustained growth in the future as well. Given this, investing in equities in India would help augment long-term wealth creation. Unit linked plans offered by insurance companies allow for the flexibility to structure exposure to debt and equity markets, depending on one's financial goals and risk appetite. These products present an opportunity to participate in and relish the multi-fold yields and economic rewards of India's growth story. The dual offering of protection and long-term wealth creation makes Unit Linked products an attractive proposition for NRIs.

To conclude, life insurance offers NRIs an opportunity to plan for and meet their various long-term financial objectives. As an integral component of financial planning, insurance can play a critical role in ensuring the financial security of an NRI and that of their family and dependants who may be residing in India ■

Shatter the Myth

Not just NRIs,
all Indian-origin
people across the globe
can do this as well!

This finally breaks the age-old myth amongst Indian-origin people across the globe. The myth that investing in India, whether be it for procuring high-quality insurance or investing in performing mutual funds for building wealth, was not 'open' to them, has long existed. Investing in Indian financial instruments was believed to be a privilege reserved for NRIs (Non-Resident Indian) working overseas. Not anymore!

With a flurry of tweaks made to the Indian economic system to wrinkle out anomalies, a financial booster-shot is given to the most preferred and trusted investments held under: IRDAI (Insurance Regulatory Development Authority of India) and SEBI (Securities Exchange Board of India). Now, all protection, insurances and qualified investments can be purchased across the world, by any person who is of Indian origin.

With how India has worked hard to move up the global rankings on World Bank's Ease of Doing Business Index (EoDB: 2018 & 2019), in a matter of last 2 years alone, there has been a major influx of investments in India from Indian-origin businesspeople, as well as individuals based around the world. The major share of investments has been in the conducive space of pure protection (life insurance cover) and insurance investments (with built-in life protection as a dual

advantage). YES, availing these India-based investments sitting right in your home country has become more than a delightful experience now! The well-renowned global insurers (along with their Indian partners) that make these purchases possible for you are the likes of AIA, AXA, Aviva, Generali, Metlife, Nippon, etc.

Furthermore, these highly secured investments come with financially sound features that Indian-origin people can benefit from:

- 1) Paper-backed guarantees with a defined sum amount and percentage returns
- 2) Protection/cover for your life or your loved ones' (even till the age of 100)
- 3) Significantly low costs of life coverage/mortality costs versus current costs outside India
- 4) Level-premium costs (the cost of life insurance stays the same throughout life)
- 5) Age/medical standard cost-controlled (i.e., there is no cost inflation because of increasing age or having a medical condition after enrollment)
- 6) Flexibility in choosing protection or investment periods (being as low as 5 years)

7) Special and added cost-advantage versus paying for the investment in advance

8) Direct cost-advantage by paying through your SWIFT Bank to insurer's (between 2% to 18%), YoY (year on year)

9) Ease of paying yearly premiums in a 4-month cycle to capitalize on currency movements

10) Lastly and most importantly, NO need of opening a NRE (Non Resident External), NRO (Non Resident ordinary) bank accounts in India or owning an Indian home address

All the above can be directly linked with multiple financial goals that one may plan in their life while overseas, whether be for pure life protection and coverage needs, education funds accumulation for children, inheritance/estate tax liability planning, regular income generation, international vacation funds arrangement, etc.

India, firmly positioned on the global map for high growth, is a promising country trading fast towards achieving the US\$5 trillion economy mark. What this means is that all Indian-origin people across the world are sure to benefit financially along with India's success story ■

Nitin Mathur
Financial Sketchers

DIFFERENT TYPES OF INSURANCE COVER AVAILABLE TO NRIs



In the Indian insurance market, the life insurance products catered towards NRI customers are the same as those offered to Indian customers. While the basic cover of a life insurance plan is the death benefit during the policy period, there are various products that focus on other areas of savings and investments also. When planning the investment, one can opt for any of the different insurance products, based on their requirement and profile.

TERM PLAN

This is the simplest insurance product that provides risk cover in the event of death. If the insured outlives the policy term, there is no payment made by the insurance company. As the product does not carry any maturity value, this plan gives higher coverage value against low premiums. It is the most suitable for a person in the initial stages of starting a family as the investment is not enough to achieve all financial goals. A term plan will only secure the family financially during unfortunate demise of the breadwinner.

ENDOWMENT PLANS

This is a savings cum insurance product. It is a limited period product, where one can choose the premium payment period and policy period options. It provides risk cover in the event of death during the policy period or survival benefit on maturity of the policy. There is also non-guaranteed bonus which is declared by the insurance company from time to time, based on the profits earned by them. It is best suitable for a person looking for guaranteed lump sum payouts after a particular time period and is not affected by market uncertainties.

RETIREMENT/ ANNUITY PLANS

This is an investment cum insurance product which helps to accumulate retirement corpus for the insured. It provides long-term savings with good returns and protection against market fluctuations. The returns are guaranteed in the plan and are regular and steady for the tenure opted. These plans are available on both single and joint life basis. They are the most suitable for a person looking to create a stable and regular flow of income after retirement and provide financial security to their family. In the event of death, the funds invested can be inherited by the nominee.

ULIPS

This is an insurance cum investment product. A small part of the premium goes into insurance i.e. risk cover and some part goes into investment in market-linked investment products like stocks, bonds or mutual funds. The investment product is chosen by the policyholder. The maturity value is dependent on the product's market performance. It is the most suitable for a person looking for financial security for their family and wealth creation. As these plans offer a benefit of partial withdrawal of funds after a period of 5 years, it helps at the time of an emergency requirement of funds before the maturity date of the plan.

MONEY BACK PLANS

This is similar to endowment plans; the only advantage of buying a money back plan is that it provides liquidity benefit before the maturity date of the policy, giving back a proportionate maturity amount to the insured/beneficiary at regular intervals during the payout period. It is best suitable for a person looking to create a regular guaranteed flow of funds. It can be purchased for children or grandchildren to create a legacy for them.

EMPLOYER-EMPLOYEE

An Indian employer can buy a term plan, endowment plans and ULIP plans for their NRI and foreign national employees. Under this, the insurance company offers selected riders along with the plans, which may vary across insurers. If an NRI/PIO/OCI is working with a foreign entity then an insurance policy under employer-employee cannot be purchased. The underlying factor is that that the proposer should have a registered office in India and the tax filing should be done in India. ■

Key Data Points of India's Financial Growth

Investment Return Parameters							
Date	Inflation	Bank FD	Gold (24K)	BSE Indices			Property Index
		Rate of Int	INR	Sensex	BSE 100	BSE 500	
01-Apr-91	13.48%	13.00%	3,466	1,235	518	-	-
01-Apr-92	9.86%	11.00%	4,334	3,888	687	-	-
01-Apr-93	7.28%	10.00%	4,140	2,122	936	-	-
01-Apr-94	10.28%	11.00%	4,598	3,746	1,081	-	-
01-Apr-95	9.96%	13.00%	4,680	3,133	830	-	-
01-Apr-96	9.43%	12.00%	5,160	3,827	791	-	-
01-Apr-97	6.84%	11.50%	4,725	3,841	920	-	-
01-Apr-98	13.13%	10.50%	4,045	4,007	788	-	-
01-Apr-99	5.70%	10.00%	4,234	3,326	1,522	1,791	-
01-Apr-00	3.83%	9.50%	4,400	4,658	1,179	1,305	-
01-Apr-01	4.31%	8.00%	4,300	3,519	903	1,006	-
01-Apr-02	3.98%	5.50%	4,990	3,338	966	1,177	-
01-Apr-03	3.86%	5.25%	5,600	2,960	1,783	2,366	-
01-Apr-04	3.82%	5.75%	5,850	5,655	2,077	2,780	-
01-Apr-05	4.40%	6.25%	7,000	6,154	2,873	3,796	-
01-Apr-06	6.70%	7.75%	8,400	12,043	4,050	5,271	-
01-Apr-07	6.20%	7.50%	10,800	13,872	6,469	8,592	-
01-Apr-08	9.09%	7.75%	12,500	17,287	2,893	3,597	-
01-Apr-09	12.31%	6.50%	14,500	11,403	5,353	6,842	92
01-Apr-10	10.53%	7.00%	18,500	17,559	6,192	7,961	99
01-Apr-11	9.50%	8.25%	26,400	19,136	4,598	5,779	111
01-Apr-12	10.00%	9.00%	31,050	17,319	5,976	7,582	127
01-Apr-13	9.40%	8.75%	29,600	19,504	6,327	7,828	138
01-Apr-14	5.80%	8.50%	28,007	22,418	8,369	10,722	149
01-Apr-15	4.90%	7.75%	26,344	27,011	8,098	10,634	162
01-Apr-16	4.50%	7.00%	28,624	25,607	8,387	11,036	165
01-Apr-17	3.60%	6.50%	29,668	29,918	11,030	15,003	170
01-Apr-18	3.48%	6.75%	31,438	35,160	11,161	14,540	174
01-Apr-19	3.88%	6.25%	32,760	39,032	12,299	15,690	176
30-Oct-19	-	6.25%	38,690	40,051	11,999	15,387	-

Rate of Return							
Period	Inflation	Bank FDs	Gold (24K)	Sensex	BSE 100	BSE 500	Property Index
30 Years	6.98%	8.35%	8.36%	13.13%	11.98%	-	-
20 Years	6.30%	7.15%	11.15%	11.84%	13.13%	13.99%	-
10 Years	6.09%	7.63%	6.58%	9.30%	7.92%	7.83%	6.55%
5 Years	3.86%	6.62%	5.60%	9.70%	11.00%	10.20%	2.00%

Particulars	Sources
Inflation	https://www.statista.com/statistics/271322/inflation-rate-in-india/
FDs	https://www.rbi.org.in/scripts/PublicationsView.aspx?id=12765
Gold Prices	https://www.bankbazaar.com/gold-rate/gold-rate-trend-in-india.html
Silver	https://silverprice.org/silver-price-india.html
Sensex	https://www.bseindia.com/indices/IndexArchiveData.html
Property Index	https://www.ceicdata.com/en/indicator/india/real-residential-property-price-index
Dollar Exchange Rate	https://in.investing.com/currencies/usd-inr-historical-data

Growth Parameters								
Currency Exchange Rate		Crude Oil (INR)	Forex Reserve (US\$ Billion)	Population (in Billion)			Insurance Premium (INR in Billion)	GDP Per Capita (US \$)
US\$	BP			Total	Urban %	Rural %		
20	35	-	5	8.73	25.46%	74.54%	-	303
31	54	-	9	-	-	-	-	317
31	49	-	11	-	-	-	-	301
31	48	-	19	-	-	-	-	346
31	51	586	25	9.64	26.51%	73.49%	-	374
35	52	707	22	-	-	-	-	400
36	58	640	27	-	-	-	-	415
40	66	535	30	-	-	-	-	413
43	69	678	33	-	-	-	-	442
44	68	1,024	38	10.57	27.57%	72.43%	-	443
47	67	1,203	43	-	-	-	3,490	452
49	71	1,244	56	-	-	-	5,009	471
47	76	1,211	78	-	-	-	5,575	547
44	79	1,481	119	-	-	-	6,665	628
43	83	2,215	142	11.48	29.15%	70.85%	8,285	715
45	82	3,055	161	-	-	-	10,588	807
41	82	2,742	204	-	-	-	15,608	1,028
40	80	4,354	314	-	-	-	20,135	999
50	74	2,518	252	-	-	-	22,179	1,102
44	68	3,746	280	12.34	30.85%	69.15%	26,545	1,358
44	74	5,159	314	-	-	-	29,164	1,458
53	85	5,888	295	-	-	-	28,707	1,444
54	83	5,375	294	-	-	-	28,720	1,450
60	102	6,330	311	-	-	-	31,430	1,574
64	98	3,611	352	13.10	32.75%	67.25%	32,810	1,606
66	97	2,709	363	13.25	33.17%	66.83%	36,694	1,729
64	83	3,365	373	13.39	33.61%	66.39%	41,848	1,981
66	92	4,517	420	13.53	34.07%	65.93%	45,881	2,016
70	91	4,761	419	13.66	34.53%	65.47%	50,813	2,041
71	92	4,069	-	-	-	-	-	-

Growth Rates								
US\$ Exchange Rate	British Pound	Crude Oil	Forex Reserve	Total Population	Urban Population	Rural Population	Insurance Premium	GDP Per Capita
4.52%	3.45%	9.13%	17.21%	1.61%	2.73%	1.15%	-	7.05%
2.49%	1.55%	8.43%	13.47%	1.36%	2.57%	0.82%	16.05%	8.37%
5.00%	3.33%	2.70%	4.58%	1.13%	2.41%	0.53%	7.49%	4.64%
2.32%	-1.79%	7.19%	4.43%	1.04%	2.40%	0.43%	11.60%	6.18%

Particulars	Sources
British Pound	https://in.investing.com/currencies/gbp-inr-historical-data
Crude Oil	https://www.indexmundi.com/commodities/?commodity=crude-oil&months=360&currency=inr
Forex Reserve (USD Billion)	https://www.indiamacroadvisors.com/page/category/economic-indicators/financial-markets/foreign-exchange-reserves/
Market Cap (in Cr)	https://www.bseindia.com/markets/keystatics/Keystat_maktcap.aspx
Polpulation	https://www.worldometers.info/world-population/india-population/
Insurance Premium	https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_NoYearList.aspx?DF=AR&mid=11.1
GDP Per Capita (US\$)	https://www.macrotrends.net/countries/IND/india/gdp-per-capita

TAXATION OF NON-RESIDENTS IN INDIA

Non-Residents (hereafter referred to as NR) having a source of income in India are required to comply with the Indian tax laws which has certain beneficial provisions specific to them for facilitating their participation in the Indian economy

DETERMINATION OF RESIDENTIAL STATUS

For details on determination of residential status, please refer to separate Taxpayer Information Series titled as "Residential Status under Income Tax Act, 1961".

TAXABILITY OF VARIOUS SOURCES OF INCOME:

(A) Salary Income

The salary income of NR is taxable in India for services rendered in India irrespective of the place of receipt of the salary or the residential status of the individual. Salary income paid by Government to a citizen of India, such as diplomats, for services rendered outside India would also become taxable in India. Certain deduction is available on salary income

(B) Income from House Property

The rental income received by an NR from property owned in India is taxable in India as its source is in India. On the rental income, the taxpayers are eligible for various deductions.

(C) Business Income

The business income of a NR is taxable in India if it accrues or arises, directly or indirectly, through a "business connection" in India (including having substantial economic presence). However certain categories of business are not taxable.

If a DTAA is applicable, the business income of a Non-resident will be taxable in the source country, i.e., India only if there is a PE or Permanent Establishment. In general, there would be a PE if the business is carried through a fixed place of business, place of management, branch, office, factory, workshop, mine, construction site or through a dependent agent. If there is a PE, only the income attributable to the PE would become taxable in India and the NR would be able to claim all the deductions incurred for the purposes of business.

In addition, under the Income-tax Act, presumptive scheme of taxation deeming a specific portion of gross revenues (or actuals as claimed) as taxable profits are applicable for certain specified businesses.

(D) Professional Income

The professional income of NRs such as that of teachers, physicians, lawyers, engineers, architects, dentists, accountants etc. is taxable in India if their income accrues or arises in India, for example, if the services are performed in India, subject to provisions of applicable DTAA.

(E) Income from Capital Gains

Income of an NR in the nature of capital gains arising from transfer of a capital asset situated in India is taxable in India as it is sourced in India. Sale of shares or interest of companies/ other entities incorporated outside India, but having their value substantially derived from assets in India are also subject to tax. A capital asset is "long-term" or "short-term" on the basis of period of holding.

There are certain special provisions for NRs on taxation of long-term capital gains on shares /debentures/ Government securities acquired or purchased in convertible foreign exchange. The capital gains in such cases is computed at the rate of 10%, without giving benefit of indexation, but after computing the gain in the same foreign currency as was used at the time of investment.

There are certain deductions which can be claimed from long-term capital gains such as re-investment in residential properties in India, agricultural land, specified securities, etc. on fulfillment of certain conditions.

(F) Income from Royalty/FTS

Income byway of Royalty is deemed to accrue/arise in India and thus taxed in India if it is payable in respect of any right, property or information used or services utilized for the purposes of a business or profession carried on in India or for the purposes of making or earning any income from any source in India.

(G) Dividend Income

The dividend income received from Indian companies and mutual fund is exempt from tax.

(H) Interest Income

The income derived by the NRs from assets, in the nature of debentures/ deposits/Government securities, acquired or purchased in convertible foreign exchange, is taxed at a concessional rate of 20%. A further concessional rate of 5% is available on interest received from certain long-term infrastructure bonds. Interest income from NRE and FCNR deposits are exempt from tax, but only if the person is a Non-Resident under FEMA provisions.

(I) Claiming credit of taxes paid under DTAA

The Government of India has entered into ninety-four DTAA's with a view to avoid double taxation of the same income in the country of residence of the taxpayer and the country of the source of income and can be availed by the NRs to get relief from double taxation.

(J) Transfer Pricing and other anti-avoidance laws

Transactions between an NR and his associated enterprises in India are subject to Transfer Pricing Regulations in India whereby the Income-tax Act mandates that such transactions should be at arm's length. The Income-tax Act provides for Safe Harbor Rules and Advance Pricing Agreements. India has also enacted GAAR and other anti-avoidance provisions to counter the erosion of tax base. Further, India has entered into FATCA and Agreements for Automatic Exchange of Information whereby data of income earned in India is regularly shared with the Government of the NR's country of tax residence.

EXEMPTION FROM FILING OF INCOME TAX RETURN

A Non Resident Indian citizen or person of Indian origin ("Non Resident Indian") is not required to file a return of Income in India if his total income in respect of which he is assessable under the Income Tax Act during the previous year consists only of certain specified investment income or/and income by way of long term capital gains and if taxes are deducted in India from such incomes ■

Nitin Mathur
Financial Sketchers

SUCCESSION- PLAN YOUR LEGACY

There is never a specific age or defined affluence level to engage in legacy planning

We work all through our lives to ensure that our family has a prosperous future. However, it is hard to factor in untimely events which may create tough times for people we love most. While we focus on earning and creating assets throughout our life, it is equally important to ensure protection, preservation and seamless succession of this hard-

earned wealth, i.e., cash, bank balance, movable and immovable assets, once we are not around.

The need for legacy planning is even more pronounced with the changing socio-economic landscape of our country. While the levels of disposable income are on steady rise, the tradition of joint families is making way for urban nuclear

families. In such a scenario, sudden deaths, incapacitations, separations or legal issues can become serious challenge for children.

There is never a specific age or defined affluence level to engage in legacy planning. Anyone who wishes to execute a smooth transfer of assets due to his/her incapacitation or demise, irrespective of current

any setback due to legal hassles due to untimely demise of their parents.

Wills and Trusts are important tools for legacy planning. A Will is a convenient way to ensure transmission of wealth to the beneficiaries in the desired manner. It also provides an opportunity to nominate the guardians for minor children. Any individual can make a will and change it as many times as he wants in his lifetime. The document only comes into effect upon demise of the individual. While writing a will is simple and needs minimal efforts and investment, it does not help manage individual's assets when he/she is incapacitated, due to old age, illness or injury. Aviva Life Insurance offers a Will Writing Service, an end-to-end digital service, for customers who wish to make a Will in a seamless and secure manner. The Aviva 'Will Writing Service' helps customers create a Will for their assets, in just 3 simple steps in just 15 minutes! The initiative also promotes financial literacy amongst customers across all ages.

The second way to manage your legacy is to form a Trust. Trusts can be created anytime, provide various structures and lives alongside an individual. There are two types of Trusts: Private and Public.

Private Trust is legal agreement whereby movable or immovable property is transferred by an individual (Settlor) to be held by another party (Trustee) for the benefit of beneficiaries. Settlor can also nominate Protector, a person who monitors the way trustee function. Private Trusts are governed by Indian Trust Act, 1882. Private trusts are widely used around the world as an effective tool for estate and legacy planning.

To sum this up, legacy planning helps in individual protect the interest of his dear ones by:

- Avoiding any disputes within or outside the family
- Negating any transmission loss
- Ring fence personal assets to avoid claims or litigations in the future
- Ensuring smooth distribution of wealth as per the wish of an individual rather than any statutory disposition
- Safeguarding interests of dependents and an opportunity to assign guardians for minors and incapacitate beneficiaries
- Philanthropy
- Inheritance tax planning

In absence of legacy planning, if one passes away, the assets are than distributed proportionately amongst the family members (legal heirs) as per succession laws of the religion that the person belongs to (for example-Hindu Succession Act, Muslim Shariat Laws, Parsi Succession Act etc.). Therefore, to avoid any disproportionate distribution of your wealth in your absence, it is highly recommended to plan your legacy in your lifetime. You can learn more about Legacy Planning at Aviva Will Writing Service at www.avivaindia.com/aviva-will-writing. This will ensure that the legacy is easily passed onto those who deserve it the most ■



Anjali Malhotra
Chief Customer, Marketing
IT and Digital Officer
Aviva Life Insurance

INSURANCE LANDSCAPE IN INDIA

Life Insurance in India has a long history but it took a formal leap only in 1956 when government created Life Insurance Corporation of India more popularly known as LIC.

The LIC had absolute monopoly till the late 1990s. In 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry and pave way to open up the Insurance sector to private players. The key objectives of the IRDA were twofold viz.

INSURANCE COMPANIES & DISTRIBUTION CHANNELS

- To monitor and enforce high standards of integrity, financial soundness and competence in the Sector
- To prevent insurance frauds and other malpractices.

POLICY HOLDERS

- To protect the interest policyholders;
- To ensure speedy settlement of genuine claims,
- Set up grievance redressal machinery and to take action when there are lapses.;

IRDA has been providing a yeoman service to this sector. It has provided an enabling environment for the industry to grow robustly. In last 20 years the Insurance sector has shown a double-digit growth. At the end of March 2018, there are 68 insurers operating in India; of which 24 are life insurers, 27 are general insurers, 6 are Standalone health insurers exclusively doing health insurance business and 11 are re-insurers including foreign reinsurers branches and Lloyd's India.

Some the Global companies in operating out of India are in the table below. The table also gives the market share of each company.

One of the important factors to see the financial viability of Insurance company is "Solvency Ratio". Solvency ratio is basically the amount by which the assets of the insurer exceed its total liabilities. In India,

insurers are required to maintain a minimum solvency ratio of 1.50. Insurance players whose solvency ratios are dangerously close to this minimum level are closely watched by the insurance regulator, the IRDA.

Inspite of low market penetration, in life insurance business, India is ranked 10th among the 88 countries, for which data is published by Swiss Re. The Indian market growing at a much faster pace then compared to

MAJOR LIFE INSURANCE COMPANIES OPERATING IN INDIA

Insurers	Foreign Partners	Premium FY 2017-18 (Rs in Cr)	Market Share	Solvency Ratio
PRIVATE SECTOR				
Aditya Birla Sunlife Insurance Company Ltd.	Sun Life Financial Insurance Investment Inc, Canada	5,903	1.29%	2.14
Aviva Life Insurance Company India Ltd.	Aviva International Holdings Ltd. UK	1,344	0.29%	2.94
Bajaj Allianz Life Insurance Company Ltd.	Allianz, SE Germany	7,578	1.65%	5.92
Bharti AXA Life Insurance Company Ltd.	AXA India Holdings, France	1,684	0.37%	1.79
Canara HSBC OBC Life Insurance Company Ltd.	HSBC Insurance (Asia Pacific) Holdings Ltd. UK	2,781	0.61%	3.82
DHFL Pramerica Life Insurance Company Ltd.	Prudential International Insurance Holdings Ltd. USA	1,844	0.40%	5.52
Future Generali India Life Insurance Company Ltd.	Participatie Maatschapij Graafsschap Holland NV	992	0.22%	2.09
HDFC Standard Life Insurance Company Ltd.	Standard Life (Mauritius Holdings) 2006, Ltd. UK	23,564	5.14%	1.92
ICICI Prudential Life Insurance Company Ltd.	Prudential Corporation Holdings Ltd. UK	27,069	5.90%	2.52
Kotak Mahindra Life Insurance Ltd.	---	6,599	1.44%	3.05
MaxLife Insurance Company Ltd.	Mitsui Sumitomo Insurance Company Ltd. Japan	12,501	2.72%	2.75
PNB Metlife India Insurance Company Ltd.	Metlife International Holdings Inc, USA	3,954	0.86%	2.02
Nippon Life Insurance Company Ltd.	Nippon Life Insurance Company Ltd. Japan	4,069	0.89%	2.66
SBI Life Insurance Company Ltd.	BNP Paribas Cardif, France	25,354	5.53%	2.06
TATA AIA Life Insurance Company Ltd.	American International Assurance Company (Bermuda)	4,163	0.91%	2.93
PUBLIC SECTOR				
Life Insurance Corporation of India		318,223	69.36%	1.58

* as on 31st March, 2018

Insurance



Government Initiatives

- Pradhan Mantri Jeevan Jyoti Bima Yojana
- Atal Pension Yojana
- Pradhan Mantri Suraksha Bima Yojana
- Pradhan Mantri Swasthya Bima Yojana

Global market. This can be seen by the fact that in 2017 the insurance premium in India grew by 10.1 % (inflation adjusted) as compared to the global increase of 1.5%.

TOTAL REAL PREMIUM GROWTH RATE 2017 (In percent)

Regions/Countries	Life	Non-Life	Total
Advanced markets	-2.7	1.9	-0.6
Emerging markets	14.0	6.1	10.3
Asia	5.6	5.8	5.7
India	8.0	16.7	10.1
World	0.5	2.8	1.5

Source: Swiss Re, Sigma No. 3/2018.

The private insurance companies are doing a good job and they have been able to maintain a good track record. IRDA Annual report 2017-18 is given below, wherein one can see that claim paid ratio is 99.20 for private companies. Out of this 84.84% were paid within 3 months a far more impressive record than LIC. This data is just to give comfort to the policy holders that private insurance companies are as dependable as anyone else.

ANNUAL REPORT 2017-18

TABLE I.20 GROUP DEATH CLAIMS OF LIFE INSURERS 2017-18

(Figures in percent of lives covered)

Life Insurer	Total Claims	Claims paid	Claims repudiated	Un-Claimed	Claims pending at end of year	Break up of Claims pending duration-wise (Lives)			
						< 3 mths	3 - < 6 mths	6 - < 12 mths	> 1 yr
Private Total	100.00	99.20	0.55	0.03	0.22	84.84	9.32	3.86	1.98
LIC	100.00	99.80	0.02	0.06	0.13	71.67	12.78	1.67	13.89
Industry Total	100.00	99.42	0.35	0.04	0.19	81.50	10.20	3.31	4.99

The insurance companies have a large network of offices spread evenly all over the country as seen in the table. This vast distribution network would ensure easy servicing of the policy

DISTRIBUTION OF OFFICES OF LIFE INSURERS' - NUMBER

(As on 31st March, 2018)

Insurer	Metropolis	Urban	Semi-Urban	Rural	Total
Private	1978	2864	1304	58	6204
LICI	851	973	2920	164	4908
Industry	2829	3837	4224	222	11112

From nearly total dominance in the Insurance market, today LIC's share has dropped to 68% ■

FAQs

NRI LIFE INSURANCE



1. Who is an NRI?

An Indian residing abroad or a person of Indian origin (PIO) is generally known as a Non-Resident Indian (NRI). A PIO is a person who, at any time has held an Indian Passport, or whose parents or grandparents were a citizen of India, or a spouse of the persons mentioned as here.

2. Can an NRI buy life insurance policy in India?

Yes, like a resident Indian, NRIs and PIOs are eligible to buy life insurance policies in India, whether they are currently residing in India or not.

3. Can the policies be issued in foreign currencies?

No, policies are issued only in Indian Rupees; however, the payment for the policy premium can be made from outside India in foreign currency.

4. How can an NRI avail an insurance policy? Does he need to be present in India for buying a policy?

NRIs can buy an insurance policy on their visit to India, where all formalities are completed during their stay in India. They would be treated at par with Indian lives for the purpose of availing the insurance policy.

An NRI may also obtain insurance cover from their present country of residence.



5. How is the medical examination done in case of an NRI?

In case the NRI is present in India at the time of buying the insurance policy, the medical examination can be in the country at the cost of the insurance company. However, the facility of medical examination can also be availed by them in the country of their residence, in which case, they need to go through the prescribed medical examination and send the report to the insurer.

6. How can an NRI make premium payments for an insurance policy?

The payment of premium can be done from their NRO/NRE bank account in India. Payment can also be made from remittances from overseas account.

7. What types of policies can be taken by an NRI in India, are there any restrictions?

There are no restrictions on buying an insurance policy by an NRI.

8. How is the claim settled, can the claim amount be taken outside India?

The claim amount can be received only in India in Indian currency. The NRI can take out the amount outside India from the Indian account subject to the guidelines in this regard.

9. What are the KYC documents needed for availing an insurance policy by an NRI?

- Copy of passport
- OCI/ PIO card
- Address proof document, viz. latest utility bill/bank statement
- Passport size pictures
- Proof of income in the form of income tax returns, copy of employment contract where emoluments are mentioned, certificate from Chartered Accountant, Personal Financial Questionnaire (PFQ), etc.
- Any other document as may be prescribed

10. What happens to the existing policies if a resident Indian moves out and becomes an NRI and vice versa?

Existing policies taken while in India will continue in Indian Currency even after the life assured moves to foreign countries as an NRI. Similarly, in case of NRI returning to India, the policy will continue in their name.

11. What is the term for NRI Life Insurance Policy?

The minimum age for getting NRI insurance is 18 years and the maximum age varies from 55 to 60 years depending on the terms and conditions stated in the policy.

For pure term policy, which only provides life cover with no maturity benefits, the term can up to 99 years of age. For all other policies, it varies between 15-30 years.

12. Can an NRI buy ULIP?

NRIs are eligible to purchase Unit Linked Insurance Plan (ULIP).

13. What are the benefits to an NRI for availing insurance in India?

- One of the cheapest premiums in the world
- You can park your surplus funds here
- Provides comfort of obtaining a plan from a global brand which has local partnership in India
- Inheritance planning

14. What are some companies offering Life Insurance to NRIs?

- Aviva Life Insurance
- ICICI Prudential Life Insurance
- PNB Metlife Life Insurance
- TATA AIG Life Insurance
- Max Life Insurance
- Kotak Life Insurance
- HDFC Life Insurance
- SBI Life Insurance
- Life Insurance Corporation of India (LIC)

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