

# Decoded: Where are India's super rich migrating and why

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Sunaina Chadha / TIMESOFINDIA.COM / Updated: Mar 25, 2022, 08:45 IST



Indian nationals topped the charts for enquiries received by the firm in 2021 by a significant margin, with growth of 54% compared to 2020 — a year which itself saw a 63% rise in interest shown by Indian investors.

NEW DELHI: Ultra-high net worth individuals from India, the US and UK accounted for the bulk of investment migration inquiries in 2021, according to a report by residence and citizenship planning company Henley & Partners.

Indians accounted for the highest number of investment migration inquiries in 2021 and queries within this group surged 54 per cent annually.

Investment migration refers to wealthy investors acquiring alternative residence or additional citizenship in exchange for a substantial contribution to the host country.

Over six lakh Indians have given up their citizenship in the last five years, according to data by the ministry of external affairs, 40% of them being in the US. The overall number also included those availing a golden visa - where you invest in countries like, say Portugal, Malta or Cyprus in return for residence or citizenship.

Around 1,44,017 people gave up their Indian citizenship in 2019, which has been the highest in the last five years. The lowest was in 2020 at 85,248, and this is probably because of the Covid-19 pandemic. At 11,287 2021 saw the steepest spike in Indians giving up their citizenship as worldwide travel and outdoor restrictions started to ease. Point to note: Data for 2021 is only available till September 2021.

Statistics from the Global Wealth Migration Review show that 2% of India's millionaires

had already flocked overseas in 2020. While China topped the migration list with a total of 16,000 High Net Worth Individuals exits, India came in second at 7,000 exits, and Russia 5,500 exits.

So, where do India's super rich want to migrate to?

While Portugal tops the list, Malta and Greece also appear in the top 5 countries, Indians want to move to.

"While India remains an exceptionally exciting place for business activities, commercial growth for corporations, and high-yielding investments, high-net-worth families are becoming increasingly cosmopolitan and transnational and are keen to diversify a portion of their wealth abroad. Families are seeing the benefits of investment migration not only as a means to improve their mobility, or for lifestyle and education purposes, but also as an avenue to access global markets, to protect their families' futures, and to have an insurance policy in place to diversify their domiciles as a hedge in this volatile world in which we live." explained Nirbhay Handa, Group Head of Business Development at Henley & Partners.

Up until a few years ago, India's investment migration market was largely geared toward the US EB-5 programme but now a lot of European countries including Spain, Portugal and Malta are increasingly being looked at as places to own retirement or holiday homes, places to do conduct business and enjoy lifestyle benefits.

Alternative residence has become a legitimate wealth management tool today since it is the primary determinant of any macro stimuli to one's business or wealth preservation initiatives.

"In the world of investments, it is considered best practice to invest in different regions and asset classes, from equities to real estate, to spread the risk and find the greatest value. But what about where you reside? The same principle applies. The more jurisdictions you can access, the more diversified your assets and opportunities, and the lower your exposure to country-specific risks," added Handa.

Not just India's rich but several start-up entrepreneurs are also keen on multiple residencies offered either through structured residency investment programmes in Portugal or Malta or through setting up businesses in countries like the UAE or talent-based visas offered by Australia and Singapore.

But why Portugal?

Portugal is the number one choice for those opting for the structured residency programme.

With a minimum investment of EUR 280,000 in real estate, the Portugal Golden Residence Permit Program is one of Europe's most popular residence programmes, giving successful applicants the right to live, work and study in Portugal as well as visa-free travel in the European Schengen area. With that also comes the possibility of applying for citizenship after five years.

The program is seen as a relatively easier way to gain alternative residency in Portugal, especially because of its low physical presence requirement (investors are only required to live in Portugal for 7 to 14 days a year). The application approval process is also quicker, and usually takes just a year.

"With high scores for its low investment amount, saleability, and crypto-friendliness, investing in real estate in this EU member state is a wise move that many global

investors, have already made," said Henley & Partners in a report.

However, earlier this year the rules were tweaked slightly.

While the minimum amount for investment in real estate doesn't change, purchasing residential property in the coastal cities of Lisbon, Porto, and the southernmost region of Algarve which were prime real estate hotspots, is no longer an option because of burgeoning property rates in these popular scenic destinations, as well as to redirect investment to the low-density areas of the country.

". Commercial property investments may still be allowed in these coastal regions. We anticipate historical centers to become more attractive for individuals interested in applying for PGV through the residential property purchase route, as well as regions such as Alta de Lisboa, Marvilla, Campanha, Almada, Loures, Vila Nova de Gaia and Maia," said Shilpa Menon, Senior Director India- LCR Capital Partners.

LCR Capital Partners expects private equity / VC fund routes through the Portugal Golden Visa will become more popular, accounting for a larger share of applications going forward.

".n the case of the private equity/VC funds, the investment amount has increased by 50% from EUR350,000 to EUR500,000. However, sophisticated investors often prefer this option as it is a regulated, hassle-free and tax efficient way to attain the PGV that also provides the opportunity to realize a good return on their capital at the end of the 5-7 year investment period," said Menon.

Data from Strokes and Ground Unipessoal LDA, a realty developer based in Portugal, shows that even with the rule for an increase in the minimum investment for VC Funds, the share of funds as an asset class has increased from 9% in 2021 to 14% in 2022 till date already.

What's so great about Malta?

The Malta Permanent Residence Program grants qualified applicants a Maltese Residence Permit, which offers visa-free access to Europe's Schengen Area. The minimum contribution is EUR 175,000 for mixed capital requirements.

Malta has a diversified economy comprising of industries such as IT, Manufacturing and Gaming. The country also provides a high standard of living at an affordable cost with an English-speaking environment, which is a major draw for international residents.

Moreover, the island's location between Europe, North Africa and Middle east is very attractive for entrepreneurs.

"Portugal Golden Visa has always been an attractive alternative residency program but Malta' Permanent Residence Program which is recently structured is now starting to gain more traction as well. It is likely that families will compare both options before they make a decision on one. The capital threshold to qualify for Malta Permanent Residence is lower compared to Portugal Golden Visa which also makes it attractive," said Handa.

Other sought-after options

The Greece Golden Visa Program provides not just fast-tracked residency in the country, but successful applicants and their families are also able to benefit from visa-free access to Europe's Schengen Area, subsidized healthcare and public education in Greece within two months of applying. They would need to invest in real estate valued at a minimum of EUR 250,000.

The EB-5 Visa is a US visa created by the Immigration Act of 1990 for obtaining a Green

Card for foreign investors and their family (spouse and dependents under the age of 21) willing to make a significant investment in the US. The purpose of the EB-5 Visa is to stimulate the US economy through job creation and capital investment by offering foreign immigrant investors all of the benefits of permanent residency in the US. The minimum investment requirement has been raised to 800K USD in Targeted Employment Areas (TEAs)

Australia's Global Talent visa is a fast-tracked visa program with a streamlined path to permanent residence for talented individuals. It has been designed to grow Australia's innovation and tech economies in a bid to boost economic recovery, enhance resilience, and drive competitiveness by attracting dynamic, highly skilled individuals to relocate to its safe shores. India is among the top countries showing interest in the Global Talent visa program along with the UK and the US, according to statistics from the Australian Department of Home Affairs.

Successful applicants are able to obtain fast-tracked permanent residence for the whole family within six weeks, which makes the program extremely appealing and which will ultimately drive demand for real estate. There's no investment required for this visa, only application, processing and other related fees.

What are the benefits of holding a golden visa?

A golden visa provides families with access to new markets and a host of business, career, educational, healthcare, tax, and lifestyle opportunities on a worldwide scale, for both present and future generations.

Many golden visa programs allow the successful applicant to apply for citizenship after a few years of residence, such as the Portugal Golden Residence Permit Program, which offers citizenship eligibility after five years.

The Greece Golden Visa Program allows investors to apply for citizenship after seven years, and the Italy Residence by Investment Program after 10 years.

"Providing increased optionality worldwide along with the ability to hedge against potential risk and volatility, golden visas allow HNWIs and their families to secure an alternative safe haven, enrich and expand their lifestyle and business opportunities, enjoy a high quality of life and access to excellent infrastructure, access world-class healthcare at leading facilities and attend first-rate educational institutions," said Henley and Partners. The purchase or lease of real estate is a key driver and requirement of residence by investment programs, with popular EU destinations including Cyprus, Greece, Malta, and Portugal. Real estate-linked golden visa programs have the additional advantage of enhancing one's options for relocation or retirement (or both).