

Good time to pay fees, travel to the UK

If possible, pay for college and book holiday packages now

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The depreciation in the pound sterling has brought cheer for those looking to travel to the UK for leisure or higher studies. Even those looking to invest in property in the UK can get good rates, given that the pound has depreciated against the rupee by about five per cent over the past three months.

Those with children going to the UK later this year (academic terms start between August and October) should convert their currency now and keep the funds ready, says Naveen Chopra, co-founder of The Chopras, an educational consultancy firm.

“Most UK universities take tuition fees only after the enrolment. Students usually have to pay only application fees (if applicable) or confirmation fees which could be £500-1,000. Other than that, the universities don’t take tuition fees upfront. So, if the UK is the first choice, you can keep the funds ready by converting into pound at the current rates,” he says.

Or if your child’s admission is confirmed, you could request the university to accept the fees upfront. But remember that confirmation is dependent on the marks at the graduation level, and most colleges in India would announce results only by June or so.

The UK has been one of the more expensive destinations for higher studies due to the high cost of currency. On an average, the tuition fees alone for a one-



year postgraduate course would cost £16,000-17,000 (approximately ₹1,31,200-1,39,400 at current levels). Those already studying in the UK will benefit because their living expenses would come down.

The UK is no longer among the top destinations preferred by Indian students following the change in visa rules. “The UK is preferred only by those who have business interests there. Middle-class students prefer other countries like Australia, Germany, Canada or Ireland,” says Chopra. According to the website of the UK Council for

International Student Affairs, the number of students from India has been declining. It was 19,750 in 2013-14, 18,320 in 2014-15 and 16,745 in 2015-16.

Travel companies have seen higher enquires in holiday packages as tourists

want to take advantage of the falling pound. According to Karan Anand, head-relationships, Cox and Kings, “We introduced UK-only packages to take advantage of this situation. Over the past few months, we have seen a demand for both groups and independent travellers to the UK.” Airfares are also available at competitive prices, making it an affordable destination. For instance, a tour called Gems of Britain, which is an eight-day/seven-night group package that covers London, Cardiff, Manchester, Liverpool and York, starts at approximately ₹60,000 per person without airfare.

But for those looking to invest abroad, the fall in the pound may offer only marginal gains, says Pramod Gubby, head-equities, Ambit Capital. “Depreciation in the pound would perhaps help at the margins, but it is not the primary driver. One should look at the primary qualities of the asset. It depends on the specific market and the fundamentals of the asset class. In equity, it is the underlying cash flows of the company in question. That’s likely to be the biggest driver of returns,” he says.

The outlook for the pound is stable for now with risks tilted towards the downside. Though the upside potential in the short term is limited, it could see some upside if French elections go in favour of Emmanuel Macron as that may see the euro head higher for a bit. Inflation, the upcoming elections, political uncertainty and the current account deficit will continue to weigh on the pound, says Manmohan Tiwana, MD & CEO of Wodehouse Capital Advisors.

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FOREIGN OUTFLOWS

Outward remittances under LRS for resident individuals

Item	2015	2016	2017
Outward remittances under the LRS	122.5	449.3	570.3
Deposit	3.6	7.3	21.2
Purchase of immovable property	7.0	8.7	9.1
Investment in equity/debt	18.6	19.9	27.0
Travel	0.8	131.5	163.2
Maintenance of close relatives	14.6	137.2	168.6
Studies abroad	24.8	87.0	114.5
Others	13.3	17.8	7.7

(All figures in \$ mn for the month of February) Source: RBI monthly bulletin

Rupee/pound

Inverted scale



Source: http://www.business-standard.com/article/economy-policy/pound-down-5-against-the-rupee-why-it-s-time-to-book-your-uk-holiday-now-117042500523_1.html