

ROLE OF INDIA DIASPORA IN THE ECONOMIC DEVELOPMENT OF COUNTRY

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Abstract:

Flow of skilled migrants from the developing to the developed world - once viewed merely as brain 'drain' - may in fact be more accurately described as an imperfect circular flow of skilled workers, knowledge, finance, and development. The skilled Diaspora can invoke its capabilities, networks, and access to financial resources to catalyze economic development in the home country. In Somaliland, these factors culminated in the creation of a knowledge-based institution that has the potential to substantially contribute to the development of local human capital. Migration is an old and natural phenomenon. Many civilizations flourished due to migration of people. Today what we call Diaspora are the migrants of few years back and who are adapted to the new environment without separating their links with the country of origin. Diasporas are capturing the transnational as well as national space day by day because of their role in socio-cultural, economic as well as political spheres. Globally many Diasporas are playing a constructive role in bringing cultures across nations.

People of Indian origin constitute a global community of over 25 million people. It is bigger than many countries of Europe. It has been estimated that, PIOs living outside India has a combined yearly economic output of about \$250 billion, about one third of the GDP of India. While India government would like to attract business and investments from the Indian Diaspora, there are other areas where India government should take interest and need to address issues such as those related cultural, economic, political and social. Diaspora in recent years is being recognized as a

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potential resource for development for their countries of origin as well as host countries. While country of origin has engagement through various economic and social channels such as remittances, investment, entrepreneurship, cultural exchanges and transfer of knowledge and technology, the host country too harness their mental and physical energy for its own prosperity. Economic and social development processes are not so simple; rather it is a complex interplay of many factors. In a sense, diaspora is seen in more of a positive than negative sense.

Key words: skilled Diaspora, economic development, brain drain, brain gain, migration, economic development, capital

Introduction

The Indian diaspora has always generated a kind of support in the home country and homely countries. In fact, in some countries like the United States of America, the Indian diaspora enjoys both worlds, i.e., home countries: a double citizenship. The Patel communities and others from different parts of India somehow act as a catalyst in the warring economies and ideologies of the two blocks of world alignment. In the U.S.A., the emerging powers of elected representatives like Bobby Jindal etc. are seen as agents that work for the good of both countries. The contributions of the entrepreneurs and various other professionals are indeed praiseworthy, as many lives are changed in the country of origin. There is also a kind of security and support for the country of origin by these professionals, that make the countries feel quite at home in its relations with the apprehension that any kind of conflict could be resolved through mediation of these Diaspora.

Diaspora is an important factor in the present times that is shaping the economy, politics, and cultures of any countries across the globe. The migration from one country to another is increasing despite various political and legal barriers. In many countries around the world substantial parts of their population live in Diaspora. The impacts of Diaspora are visible in the forms of remittance, films, literature and cultural events. Understanding the Diaspora needs a holistic perspective as there are many factors interwoven in it.

The size and spread of the overseas Indians today is truly impressive. The Indian diaspora spans across the globe and stretches across all oceans and continents. Overseas Indians constitute a significant and successful economic, social and cultural force in the world. In a rapidly globalizing world the Diaspora community is both the result as well as the driver of the globalization. The benefits that highly skilled migrants can bring to their home countries are increasingly regarded as important for development and many countries are seeking ways to profit from the experiences of diaspora. Policies of home countries are usually put to the forefront when discussing diaspora engagement. Nevertheless, migrants who are successfully settled in their host country have the best capacity to contribute to development in their country of origin.

Host countries institutional environment and policies, thus, play an equally significant role for the diaspora to have opportunities to gain relevant expertise and to mobilize. This paper focuses on host country environments in several European countries, and, aims to identify good practices of enabling policies to get skilled diaspora involved in socio-economic development of their home countries. Rural economy of India is based on agriculture, which is of tremendous importance for it has vital supply and demand links with industry.

Meaning of Diaspora

A diaspora can be defined as people who have migrated and their descendents who maintain a connection to their homeland. The U.S. State Department defines diasporas as those migrant groups who share the following features:

- Dispersion, whether voluntary or involuntary, across socio cultural boundaries and at least one political border
- A collective memory and myth about the homeland
- A commitment to keeping the homeland alive through symbolic and direct action
- The presence of the issue of return, though not necessarily a commitment to do so

Diaspora are defined as populations of migrant origin who are scattered among two or more destinations, between which there develop multifarious links involving flows and exchanges of

people and resources: between the homeland and destination countries, and among destination countries. Currently much more than in the past, diasporas include complex mixes of people who have arrived at different times, through different channels, through different means, and with very different legal statuses. When divisions in the country of origin are also taken into account, such diasporas can thus be highly fissiparous, which can give rise to problems of coherence when mobilizing for development and other purposes. In India Diasporas are group in three categories: nonresident Indian, person of Indian origin, and overseas citizenship of India.

Indian Diaspora Spread

People of Indian origin constituting a global community of over 25 million people are emerging as the newest successful Diaspora. Whether they come from Africa, Asia, the Americas, Australia, the Caribbean or Europe, they are Indians in body and spirit. Almost all of them maintain their Indian cultural traditions and values. They seem to have meaningfully integrated in their countries without losing their ethnic identity. Indian Diaspora population according to the region is provided below:

INDIAN DIASPORA NUMBERS

North America (Mostly USA & Canada)	4.0 Million
South America (Trinidad & Tobago, Guyana, Surinam, Jamaica, etc.)	1.6 million
Europe (U.K., Netherlands, Germany, Austria, Switzerland, etc.)	2.5 million
Africa (South Africa, Mauritius, East African countries, etc.)	2.7 million
Middle East (UAE, Saudi Arabia, Kuwait, etc.)	3.6 million
Far East & South East Asia (Malaysia, Singapore, Myanmar, etc.)	5.0 million
Pacific Island (Fiji, Australia, New Zealand)	0.7 million
Sri Lanka and Nepal	4.9 million
Total	25.0 million

Note: Since hard numbers have not been available, these are approximate estimates and obtained from individual country statistics and from the report of the High Level India Diaspora Committee appointed by Govt. of India

With over 25 million people of Indian origin living outside India, a new global community of Indian origin has been developed. Most people of Indian origin living in developed countries have become highly successful in business and professions. If their professional expertise and financial resources are to be pooled together, it will benefit not only people of Indian origin but also their countries and India. In addition, people of Indian origin could assume a new role in providing help in case of crisis to their communities around the world. That has been the perspectives of the community leadership in the last in the last two decades.

Of the 25 million, about 50% constitute the first generation immigrants from India and their immediate families, generally termed as non-resident Indians (NRIs). This is the group one should reach out for investments and for business and technology collaborations in India. This group also has taken great interest in India's developments. Where are these communities? They are spread across the Middle East, USA, Canada, U.K. and other European countries, Australia and Southeast and Far Eastern countries.

Need for Mobilizing the Community

As a first step toward bringing our communities together, the Indian American community, under the leadership of the National Federation of Indian American Associations, took the initiative to organize the First Global Convention of People of Indian Origin in New York in 1989. The triggering point for the global Indian community to come together was, when an elected Indian dominated government in Fiji was thrown out by a military dictator in 1987. At the First Global Convention, the major issue of concern to everyone was human rights violations, be in Fiji, Guyana, Trinidad, South Africa, Sri Lanka, U.K. and even in the U.S.A. with "Dot Buster" issue. The Global Organization of People of Indian Origin (GOPIO, www.gopio.net) was formed at this convention to help in networking our communities and take up issues such as human rights violations of Indians around the world. GOPIO filed petitions at the UN on the issue of human rights violation of PIOs in Fiji and Sri Lanka. Further, GOPIO continued a concerted effort to fight these issues. GOPIO had also again taken up the campaign to support

the cause of Fiji Indians since the overthrow of the Indian dominated democratically elected government in Fiji in May 2000.

Changing Objectives

Since the early 1990s, the whole world has changed, so are the people of Indian origin (PIO) communities. Since our first global convention of people of Indian origin, Indian dominated parties were elected to power in Fiji, Guyana and Trinidad. South Africa has several Indians as ministers in the government. The late Dr. Chheddi Jagan, former President of Guyana, Mr. Basdeo Panday of Trinidad and Mr. Mahendra Chaudhry of Fiji were present at GOPIO's first convention who went on to become the President and Prime Ministers of their respective countries. For a while, in the 1990s, we in the GOPIO felt that human rights violations or being in political sideline are not major issues for global Indian communities. After several brainstorming sessions and conferences, GOPIO concluded that creating economic opportunities by pooling our professional and financial resources is a platform to bring our communities together. Economic progress of countries with large PIO population and India should be one of the priorities of PIOs as global citizens and that of GOPIO. Our ultimate goal should be to make our movement working toward on issues of poverty, education and social justice of our people. As we network globally, it should not only help our communities to achieve economic progress, but also help India.

Diaspora and development

Indian people settled abroad play very vital role in development of native country's economy. Many people from India like Gujarati, Panjabi, and South Indian etc. have contributed a lot in the development of native states. For instance, in the development of Kerala the diaspora of POEC countries have contributed much. Similarly, the Charoter Region of Gujarat is developed due to contribution of Gujarat NRI settled abroad. Diaspora contribution to their state of origin has been made in various ways, through remittances, foreign direct investment (FDI), transfer of knowledge and entrepreneurial networks. India has the world's second largest diaspora next to China with a substantive presence in all the six continents. The contribution of the Indian diaspora to India's economy and society is a matter of great pride and achievement for Indian's the world over. Non-Resident Indians (NRI) and People of Indian Origin (PIO) have transferred

knowledge and expertise, added to India's income through remittances and recently have mediated the massive entrepreneurial energy that has led to the rise of India's Information Technology (IT) and IT Enabled Services (ITES) sectors. However, the Indian diaspora has not come forward as investors in the Indian economy in the scale that was expected post-liberalization in the early 1990's. This can be called Remittance Economy. Diaspora contributes in the development of native economy in the following way:

1. Remittances

Indian migrants sent billion foreign exchange remittances to native countries. Migrant remittances are the most tangible and the least controversial link between migration and development (Ratha and Shaw 2007). Remittances tend to be relatively stable, and may also behave counter cyclically with respect to the economic cycle of the recipient country. Surveys indicate that relatives and friends often send more remittances in response to negative shocks or a general downturn, and more affluent migrants' portfolio choices are affected by exchange rate movements. Remittances can also serve as an important support for a country's creditworthiness and can improve access to international capital markets (World Bank 2006). Remittances play an important role in reducing the incidence and severity of poverty. They help households diversify their sources of income while providing a much needed source of savings and capital for investment. Remittances are also associated with increased household investments in education, entrepreneurship, and health, all of which have a high social return in most circumstances (World Bank 2006).

2. Trade

There are two channels through which migration can affect trade. First, immigrants have a preference for their native country's goods and services (supporting "nostalgic trade" in ethnic products) (Light, Zhou, and Kim 2002). The importance of this effect is difficult to evaluate, because if the emigrants had stayed in their country of origin, they presumably would have demanded the same products (Gould 1990, 1994). The effect is further clouded because the migrants likely have more income than they would have had in the origin country, but their relocation to the destination country reduces the efficiency with which the good is supplied

(forexample, by adding transport costs). More important, migrants can increase the availability of market information essential for trade by helping origin-country exporters find buyers, improve their knowledge of the market, and comply with government requirements and market standards. Migrants facilitate bilateral trade and investment between host and source countries because they help to overcome information asymmetries and other market imperfections (Black and others 2004). For example, transnational networks can help producers of consumer goods find appropriate distributors, and assemblers to find the right component suppliers. Sharing the same language or a similar cultural background eases communication and facilitates better understanding of transport documents, procedures, and regulations.

Indian sub continent countries are tapping their diasporas to provide market information. Activities include the establishment of Diaspora Trade Councils and participation in trade missions and business networks. Indian embassies in various countries of the world support business and trade forums to attract diaspora investors and to try to match suppliers with exporters.

3. Direct Investment

Members of diasporas can increase investment flows between sending and receiving countries because they possess important information that can help identify investment opportunities and facilitate compliance with regulatory requirements. Language skills and similar cultural backgrounds can greatly contribute to the profitability of investment in unfamiliar countries. Diasporas may use the information they have regarding their countries to invest directly. Alternatively, investors can improve their profitability by tapping the expertise of a diaspora member. A major barrier for a multinational or foreign firm setting up a production facility in another country is uncertainty and lack of information regarding the new market. Members of a diaspora may be more willing than other investors to take on risks in their origin country because they are better placed to evaluate investment opportunities and possess contacts to facilitate this process (Lucas 2001).

According to Nielsen and Riddle (2007), emotion, sense of duty, social networks, strength of diaspora organizations, and visits to the origin country are important determinants of diaspora

investment. Some studies have found a significant relationship between migrants, particularly skilled ones, and investment inflows to origin countries. Kluger and Rapoport (2005); Docquier and Lodigiani (2007); Javorcik and others (2006); and Murat, Pistori, and Rinaldi (2008) have found that migration facilitates foreign direct investment. Chapter 2, “Another Link in the Chain: Migrant Networks and International Investment,” by David Leblang, addresses the question of what explains cross-national patterns of international portfolios and foreign direct investment. While current explanations focus on the credibility of a policy maker’s commitment, Leblang emphasizes asymmetries of information between the borrower and lender. The author hypothesizes that migrant networks—connections between migrants residing in investing countries and their home country—decrease information asymmetries and increase cross-national investment. This hypothesis is tested using dyadic cross-sectional data, and the results are robust to a variety of specifications. The analysis concludes by suggesting that countries of emigration provide their expatriate communities with voting rights in order to harness their investment potential.

In India, government agencies are attempting to improve their contact with diasporas to generate investment opportunities for origin-country firms. For instance in Gujarat, the government is attracting FDI in the banner of VIBRANT GUJARAT Campaign and is trying to tap into their Diasporas for investments in their homeland countries. Gujarat Government recognizes the need to create a suitable mechanism to encourage diaspora members to channel remittances toward investment projects in partnering states, so they are developing a proposal to attract diaspora financing. Both government and the private sector have supported business forums to attract diaspora investors by providing accurate information and linkage opportunities to investors, including from Diasporas .Some private firms and Indian diaspora associations also provide information on investment opportunities and sourcing in their homeland countries and facilitate contacts between traders in destination and origin countries.

4. Investments by Households

Many migrants transfer funds to households in origin countries for the purpose of investment. Households receiving international remittances from abroad have been making productive investments in agricultural equipment, building a house, business, land purchases, improving the

farm, and other investments. Households receiving transfers from other abroad also are investing in business activities, housing, and other investments in India. Indian migrants in other countries set up small businesses such as restaurants real estate, or invest in housing. They also invested in service sector activities such as import/export companies, telecommunications, and tourism and transport companies. Governments have also eased restrictions on foreign land ownership to attract investments from diasporas.

5. Investments in Capital Markets

Members of diasporas can act as catalysts for the development of financial and capital markets in their countries of origin by diversifying the investor base (the capital markets of many countries are dominated by investments from government and large companies), by introducing new financial products, and by providing a reliable source of funding. Diaspora connections with markets in destination and origin countries are important.

6. Collective Remittances

The Indian diaspora has begun to contribute financial and non financial resources to its homeland countries, although large-scale investment shave not yet emerged. Organizations have been created in various countries of the world based on religion, ethnicity, or geographic ties. These groups include hometown associations (HTAs), ethnic associations, alumni associations, religious associations, professional associations, nongovernmental organizations, investment groups, national development groups, welfare and refugee groups, and Internet-based virtual organizations. Collective remittances appear to be motivated by the migrants' sense of identity and feeling of solidarity with their home countries, and by socio-cultural and political bonds.

7. Transfers of Technology and Skills

A diaspora can be an important source and facilitator of research and innovation, technology transfer, and skills development. Japan, the Republic of Korea, and Taiwan, China are examples of economies that have relied on their diasporas as knowledge sources. The governments in these economies promoted the return of foreign-educated students or established networks of knowledge exchange with them (Pack and Page 1994).

Diaspora involvement in origin countries' economies can take several forms (Kuznetsov 2006; Plaza 2008a):

- Licensing agreements to facilitate the transfer of technology and knowhow between diaspora-owned or -managed firms in origin and destination countries
- Direct investment in local firms as a joint venture
- Knowledge spillovers, as when diaspora members assume top managerial positions in foreign-owned firms within their country of origin
- Involvement in science or professional networks that promote research in destination countries directed toward the needs of origin countries
- Temporary or virtual return, through extended visits or electronic communication in professional fields such as medicine and engineering
- Return to permanent employment in the sending country after work experience in the host country.

There has been a shift in the discussion from viewing emigration of skilled people as a loss for a country to viewing skilled migration as an opportunity to get trade and investment projects and new knowledge.

The term “diaspora knowledge networks” is often used by social scientists to refer to vast numbers of “skilled personnel who migrate every year from their home countries to join thousands and millions of their countrymen and women residing in countries other than their own” (Mahroum, Eldridge, and Daar 2006, page 26).²² There are three types of diaspora knowledge networks:

- ***Scientists and research and development personnel networks***, which provide knowledge, mentoring expertise, and finance (venture capital).
- ***Professional and business networks***, which are regional or local networks of skilled diaspora members located in larger cities (Saxenian 2002a, 2002b). Arora and Gambardella (2004) and Commander and others (2004) describe the role of diasporas in the software industry. Indian professionals helped to promote India as an outsourcing destination, for example. Relevant

associations provide technical assistance and organize conferences, investment forums to match investors with counterparts at home, and recruitment fairs.

- *Global knowledge networks*, which are transnational networks linking global regions with Diasporas' origin country. Now Native countries are attempting to organize their Diasporas in order to gain more benefits from nationals abroad. Diaspora members sometimes maintain residences in both their origin and destination countries. In other cases, migrants have a primary residence abroad but return to their origin countries yearly to support specific activities. These movements and exchanges of knowledge and skills benefit those who reside in the origin countries (Easterly and Nyarko 2008).

Indian Diaspora

India's strongest financial connect with its diaspora community has been through India Development Bond, Resurgent India Bond, and India Millennium Deposits. In three occasions this hard currency fund platform has provided new options for development finance. Beyond hard currency fund raising, RI/PIOs now are incentivized for investment options through EXIM

Silicon Valley Indian Professional Association (SIPA)

Founded in 1987, SIPA provides a forum for entrepreneurs from the expatriate Indian community to contribute to cooperation between the U.S. and India in high technology areas. The association aims to offer a bridge to India at the grassroots level and promote networking with visiting business professionals. According to the association's Website, "SIPA's members are high-energy, motivated individuals who share a common desire to promote Indo-U.S. cooperation in high-technology areas. SIPA's activities generally involve social events (e.g. conferences and dinners) that provide a range of opportunities to learn more about engaging the IT industry in India, for example: Discussions on how Indians and Chinese professionals are using their community networks to build successful businesses, and how local experience combined with local and global networks has helped entrepreneurs to form subsidiaries, joint ventures and other business operations in their homelands and further their professional development; Discussions of opportunities for business process outsourcing (BPO) in India; and Events for Silicon Valley professionals to meet with ministers and top officials to learn of

government policies and IT infrastructures in different Indian state. Currently, SIPA consists of over 2,300 members. SIPA's members are highly qualified engineers, corporate managers, legal and financial experts, business people, and other professionals. Most of them are actively involved in the high-technology industry and hail from almost every major company in Silicon Valley.

Chambers of Commerce Diaspora Activities

Although they do not primarily focus on a particular business diaspora, chambers of commerce can play an important role linking the diaspora to the business community in their country of origin. Most chambers already have a mandate to promote commercial ties (trade and investment) between two, and sometimes more, countries. Within their regular programs, chambers are actively involved in networking, matchmaking, business facilitation and the provision of commercial information as well as market research, conferences and export promotion assistance, much like the diaspora business networks discussed above. Chambers of commerce, however, go further, providing a link to the wider business community within a country or region that a diaspora business network may avail. Furthermore, chambers of commerce can play a key role in interacting with governments and business in order to advocate economic policies surrounding both domestic and international commerce. Each of these activities provides an opportunity for diaspora involvement in the promotion of business in a country of origin. Consider, however, the potential of explicitly focusing on or incorporating the diaspora within the context of a chamber's mandate. Without necessarily establishing stand-alone diaspora business networks, chambers of commerce diaspora programs could provide an effective means to leverage diaspora networks, knowledge and capital. Furthermore, this can be achieved within an institutional framework that is already widely known, respected and successful in both the national and global arenas.

Two such programs are discussed below. For more information, see <http://www.sipa.org>

Federation of Indian Chambers of Commerce and Industry (FICCI) Diaspora Division

FICCI represents a group of 500 chambers of commerce, trade associations and industry bodies. The federation speaks directly and indirectly for over 250,000 business units—small, medium

and large—employing around 20 million people. Recognizing the enormous potential of the Indian business Diasporas, FICCI has initiated an action plan to bring about a tenfold increase in FDI inflow from the Indian Diaspora to \$5 billion by 2008. To achieve this objective FICCI launched a new division to service and leverage the global network of non-resident Indians (NRIs) and persons of Indian origin (PIOs). The Division works in partnership with the Government of India (Ministry of External Affairs in particular) to forge a constructive and productive relationship with the Indian diaspora.

Activities include:

- Creating specialized networks across sectors and countries to leverage the diaspora's strengths for India's economic growth and development.
- Focusing on strengthening the commercial and economic dimensions of India 'relations with the diaspora.
- Creating a network to map skills and technologies available within the diaspora and to work with central and state governments to increase diaspora inflows into India.
- Leveraging marketing networks of the diaspora to promote exports of Indian goods and services both among Indian communities and their host countries.

Work in tandem with FICCI's committees in various sectors in order to increase diaspora's contribution to these sectors and enhance two-way exchanges between Indian companies and commercial entities of the Indian diaspora based abroad.

FICCI has played a key role in planning “Pravasi Bharatiyas Divas,” large annual conferences that bring together members of the Indian diaspora, their domestic counterparts and government officials to discuss issues pertinent to the diaspora and economic linkages to their homeland. In January 2004, 2000 diaspora from 61 countries joined over 1200 domestic participants in the second annual conference. The “Pravasi Bharatiyas Divas” resulted in a memorandum of understanding between the government and 15 business associations and chambers of commerce to help to connect the business hubs within the diaspora. As part of the understanding, the diaspora business associations agreed to exchange information on critical areas such as general economic environment, government policies in relation to investments and sectoral strengths of

the respective regions. The signatories will also facilitate trade and investment flows and promote other related exchanges between their respective representative enterprises.

FICCI is well positioned to create these specialized networks across sectors since it had already compiled a huge database comprising thousands of associations and chambers of Indian origin as well as individuals, corporations, business leaders and professionals spread over 75 countries.⁷⁸

Government Sponsored Diaspora Investment Promotion

A few countries with large business, finance or entrepreneurial communities abroad have realized that business diasporas that invest or bring business back to their country of origin can inject life into struggling or infant industries. One way of doing this is through targeted activities or mechanisms within government investment promotion authorities (IPAs) that specifically target potential investors or trade partners in the diaspora community. The activities of an IPA in relation to a diaspora are likely to depend on the strategy, institutional capacity and available funds from diaspora business conferences to the development of IPA services that focus primarily on potential diaspora investors. Two examples are discussed below.

Indian Investment Center (IIC)

Recognizing the potential impact that non-resident Indians (NRIs) or Persons of Indian Origin (PIOs) can have on business development and investment, the Indian Investment Center (IIC), the Government of India's single window agency for information or assistance for investments, technical collaborations and joint ventures, provides a range of services tailored to attract and assist NRI investors. In addition to providing the usual assistance available to other potential investors, IIC provides special services for potential NRI and PIO investment. These include the following:

- Providing data to assist in the selection of investment opportunities;
- Functioning as a one-stop-shop for necessary services for establishing projects with NRI investment;
- Informing NRIs and PIO of government policies and procedures, as well as the facilities and incentives available to them;

- Assisting to obtain the approval of government authorities; and
- Monitoring the implementation of projects, and if necessary, helping in remove difficulties during the implementation process.
- To facilitate the development of enterprises in India, the IIC has developed mechanisms that enable Indian companies to collaborate with business diaspora to identify sources of capital and technology. The agency maintains an industrial information service that provides the status of industries and profiles for potential industrial projects.

Furthermore the agency's Web site provides answers to an expansive list of NRI investment questions on bank accounts, repatriation of profits, investing in securities, shares, company deposit and property, as well as special facilities to repatriating NRI investors. A recent high-level study examined ways the Indian government and business community could further facilitate NRI investment. Its conclusions recommended the following:

- Greater investment guidance be provided to the diaspora. Government missions or IIC posts abroad should organize regular meeting with diaspora business people and brief them on changing industrial conditions and policies;
- Domestic business associations and chambers of commerce create units within their organizations to promote business with the Indian diaspora;
- A dedicated one-window setup that provides consultant services to overseas Indian investors through special cells in select Indian embassies to help potential investors identify suitable projects, understanding rules and regulations, and obtaining official clearances;
- The government set up special economic zones exclusively for projects set up by NRIs or PIOs; and
- Indian missions should keep track of visits by top-level NRI professionals and business managers to arrange networking and training opportunities.

India Bonds

India is another example where the government has sponsored the issuance of sovereign bonds to NRIs. One includes the Resurgent India Bond (RIB) for NRIs of banks acting in fiduciary

capacity of NRIs. The bonds, which were floated in 1998, mobilized close to \$4.2 billion of diaspora resources for the development of the infrastructure sector, which is in great need of financing. Many in the financial industry felt that the impressive show helped boost the foreign institutional investors' sentiment⁹¹ and stabilize the rupee, which had been sliding for a number of years. A similar bond, the India Millennium Deposits (IMD) floated in 2000 and raised over \$5.4 billion from the diaspora

The Indus Entrepreneurs (TiE) TiE is a nonprofit organization formed in 1992 by a group of Silicon Valley entrepreneurs with roots in the Indian subcontinent. TiE does not present itself as a diaspora organization and its membership is open to anyone, although its board, staff, and chapter presidents are all of South Asian origin. Of its 54 chapters in 13 countries, 25 are in the United States and 22 in India. TiE's membership has been growing, on average, at the rate of 20 percent per year (although general membership dipped slightly during the recession), making it perhaps the largest entrepreneurial organization in the world. TiE does acknowledge a particular interest in promoting entrepreneurship in the Indus region (comprising India and Pakistan), although its broader goal is to "democratize entrepreneurship" globally. The organization's singular focus on entrepreneurship incorporates special programs focused on women entrepreneurs, young entrepreneurs, start-up ventures, specific industry groups, and more.

Diaspora infrastructure, networks and activities

The Indian diaspora is highly diverse, reflecting the large size and rich diversity of India. These represent various interests, from regions or states to languages, religions and professions. Religion, caste and linguistic identities find significant space in associations and networks, and cleavages occur along these lines. With reference to closer ties to the homeland, religious and caste conflicts in India have been echoed amongst the diaspora especially in the UK and the US. As far as the diaspora's contribution to development and poverty reduction is concerned, Abroad-based Indian associations can be broadly grouped as:

Religion-based organizations (e.g. the Hindu Cultural Society, Indian Muslim Federation, Ahmadiya Muslim Association, Indian Christian Organization);

Organizations based on regional or ethnic alignments (e.g. the Confederation of Gujarati Organisations, Punjab Unity Forum and the Bengali Association);

Professional organizations(e.g., the British International Doctors Association, which has had a long-standing interest in Postgraduate Medical Education in India);

Commercial organizations(e.g., the Indian Development Group [UK] Ltd, Indian Forum for Business and the India Group at the London Business School);

Alumni organizations(e.g. Indianreunited.com established in the UK by two NRIs while studying in England, and medical school- and state-oriented organizations such as the Manipal Alumni and Tamil Nadu Doctors' Association);

Organizations with a political orientation(e.g. branches of the main Indian political parties in the UK such as the Indian Overseas Congress and the Friends of the Bharatiya Janata Party or BJP).

Diaspora engagement in development and poverty reduction

Once perceived as brain drain from India, non-resident Indians (NRIs) have come to be recognized within India as a significant external resource. Indians abroad have traditionally supported their families through remittances and improved the status of their families in the sending communities by investing in the village and improving social or religious infrastructure. Given the diversity of the Indian diaspora, more holistic and equitable efforts around poverty reduction have subsequently been more difficult to sustain.

Recently the Government of India has moved in various ways formally to harness and acknowledge the expertise, wealth and contacts of the diaspora. A recent report by the Singhvi Commission on the Indian diaspora (Government of India 2002) observed that many wealthy Persons of Indian Origin (PIOs, that is people of Indian origin who now hold other nationalities) individually and collectively support projects addressing basic needs such as health, education and infrastructure in their home states and villages in India. For example, many ophthalmologists run mobile eye clinics in India. During times of acute crisis (such as the Gujarat earthquake), community and religious organisations have mobilized significant funds and expertise to help in relief efforts.

There are also negative aspects of diaspora engagement however. Funds have been raised amongst the diaspora, especially in the UK and the US, for associations which use violence to promote their aims. For example, Sewa International is reported to have raised millions of

pounds from the British public for humanitarian causes in Gujarat, which was apparently diverted to activities that induced religious violence. Similarly, caste or religious divides among groups in India are being echoed by some community leaders in abroad.

There is pressure for greater political representation in India of NRIs. A recent independent survey conducted by www.IndiaReunited.com suggested that 85% of NRIs believe it would be beneficial to have at least one MP representing them in the Indian Parliament. This political representation could potentially improve confidence among the NRIs and their families in India and lead to further investment (ExpressIndia.com 19.03.04). The passing of the dual citizenship bill in the Rajya Sabha this year for certain countries, of which UK is one, as well as other fiscal measures designed to encourage inward investment by PIOs, could provide a new platform for the role of the UK-based Indian diaspora in India.

Home government policies towards Diasporas

- Following are policies which government is trying attract Indian Diaspora:
- Voting rights
- Dual citizenship
- Representation/Ministries for diasporas
- Entry concessions for diaspora with host country nationality
- Foreign currency accounts
- Incentives for FDI
- Customs/import incentives
- Property ownership
- Special economic zones

Conclusion

Till the middle of 1970s, the Government of India did not take any interest in non-Resident Indians (NRIs), a definition which was given by the Reserve Bank of India when they wanted the Indian banks to attract NRI deposits. In the 1980s, former Prime Minister Rajiv Gandhi invited a few NRIs to come back to India to help in development of some core sectors including telecommunications. In the 1990s, with economic liberalization by Narasimha Rao/Dr.

Manmohan Singh team, an impetus was provided for NRIs/PIOs to become more active in the Indian scene. Also, in the year 2000, a High Level Indian Diaspora Committee chaired by Dr. L.M. Singhvi, was set up by the government of India to look into the issues of NRIs and PIOs and to explore avenues of opportunities for NRIs/PIOs to help India. The committee after visiting several countries submitted a report with several recommendations. The best news to NRIs/PIOs was provided by the Vajpayee administration in January 2002, i.e. to accept the some of the recommendations of the committee. Later, the Govt. of India organized the first Pravasi Bharatiya Divas (PBD) in New Delhi in January 2003 followed by four more such meetings in 2004, '05, '06 and '07.

India government also decided to provide overseas citizen of India to NRIs/PIOs and was issued officially at the PRB-2006 in Hyderabad. This will help to bring 25 million people of Indian origin living outside India closer to India. It will help to mobilize professional and financial resources of NRIs/PIOs for India's development. Also, it is of great sentimental values to PIOs/NRIs living outside India to feel that they are now part of Mother India

We thank Govt. of India for initiating the legislation to grant voting rights for Indian citizens living outside India in the Assembly and Parliamentary elections, provided they are in the constituency at the time of elections. This will make NRIs feel full participants for India's developmental activities. GOPIO had passed resolution on this at its convention in Zurich in 2000 and has been campaigning on this issue since then. We would like to see a step further that the Indian parliament adopt a constitutional amendment to have up to 5 Lok Sabha seat to provide representation 10 million Indian citizens living outside India. With advances in information technology, it is not at all difficult to physically conduct such an election among NRIs/PIOs who still have Indian passports. Personally, after 34 years of my living outside India, I still hold an Indian Passport and my wish before I die is that I should have an opportunity to vote in Indian election. It is also just and is in India's interest to engage those citizens of India to take an active role in its development. With increasing trend in migration, the NRI/PIO population outside India is likely to increase in future. In this borderless society, let India show to the world that Indian citizens, wherever they are, are full participants in Indian democracy and in India's development.

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