



Paradigm Shift In Policy Making To Attract Knowledge Transfer And Investment From Indian Diaspora

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Abstract: *The etymological origin of diaspora means dispersion, and the Indian migrants have indeed scattered in multiple directions. Estimates from the ministry of overseas Indian affairs suggest that the Indian diaspora has a sizeable presence of over 25 million and these include non-resident Indians (NRIs), overseas citizens of India (OCIs) and persons of Indian origin (PIOs). Of these over 5.5 million are in the Gulf, 2.2 million in the US, 1.7 million in the UK and over a million in Canada. Leaving aside the colonial period of indentured labour, the Indian diaspora has evolved over three phases :the quest for employment and education, as a source of Indian remittances and now, increasingly, as active players in shaping the policies in their host countries.*

The economic reforms of India transformed with the changing worldview about India and as we seek the world. The NRIs have lent strength and stability to the management of our economy. As per World Bank Report, remittances from the Indian overseas community are the highest in the world .

During the periods of foreign exchange crisis, policy managers have invariably turned to the NRI community to enhance capital flows, secure marketing of India Development Bonds and other Special NRC schemes. These remittances have shored up our reserves and supported incomes of intended beneficiaries. Subsequently, we have sought these flows as investment vehicles. State governments have competed to attract NRI investments to meet capital shortage, finance projects and generate employment. The profile of the Indian diaspora varies from the blue collar workers in the Gulf to professionals in the Silicon Valley. Seeking symmetry between changing demand patterns with the supply side needs creativity.

The Indian diaspora has come of age. Many Indian-Americans are high-ranking public officials like governor Nikki Haley, Congresswomen Tulsi Gabbard and Bobby Jindal, who is seeking to run for the US presidential election.

In the recently-concluded parliamentary elections in the UK, ten Indian-origin MPs won seats in the British Parliament. Scores of Indians like Sundar Pichai, Indira Nooyi, Ajay Banga and Satya Nadella are holding top positions in some of the biggest multinational companies.

A diaspora is that part of people, dispersed in one or more countries other than its homeland, that maintains a feeling of transnational community among a people and its homeland. The mobilization of knowledge and skills of these expatriate professionals can play an even more effective role in facilitating economic development in their countries of origin than individual or collective remittances. Diasporas, in many ways helps the countries of their origin not only in the area of economic development by promoting trade and mobilising investment, but also helps in creating business opportunities, promoting foreign direct investments and transferring knowledge and skills. Indian diaspora constitutes a significant economic, social and cultural force in the world today as according to an estimate their number is over 28 million in the world (FICCI, 2013).

The traditional thinking of the policy makers that perceived nationals living abroad as a loss is witnessing a distinct shift as today they are being recognized as an asset. Though, several states around the world seeks for diaspora engagement, however only few of these have succeeded in actively engaging their diaspora for mutual

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benefits and interests. This is evidenced in terms of strengthened bilateral relations between host and home nation apart from providing aid in the development activities of native states. The Indo-US Civil Nuclear Deal is a case in point, as ethnic Indians in United States successfully lobbied for clinching of the N-deal. Further, Indian diaspora is contributing a lot to India especially in the terms of investment, foreign trade, transfer of technology and knowledge and cultural linkages between the nations apart from adding to the revenue through remittance with an estimate of \$ 69 billion (World Bank Report, 2015). However, the benefits accruing through diaspora population needs to be channelized properly to capitalize on it. And, therefore, there is a requirement of dedicated policies for diaspora engagement. Indian diaspora is not a recent phenomenon as it continued since colonial period. However, their acknowledgement as an asset is a new aspect of 21st century and several policy shifts were done for integration of diaspora to nation's development through knowledge and technology transfer in particular.

A. UNDERSTANDING THE INDIAN DIASPORA: Earlier, the diaspora was seen as a concept of forced exile but now it is seen as more generic concept and is used to describe a transnational population where the cultural origins of that group are said to have arisen in a land other than that in which they now reside and whose social, economic and political networks cut across borders and are even global.

Today, there is no inconsistency between being responsible citizens of the host country while continuing to maintain social and cultural links with one's homeland. It is equally important to understand that, not all the displaced, migrated populations are identified as Diasporas. Though all the diasporas are result of migration but not all the migration are called as diasporas. The crucial elements that make the concept meaningful and legitimate to use, is their self mobilisation around their awareness of themselves as Diaspora. The continuing existence of migrant community with their 'self awareness', 'self imagination' and 'connectedness', to the country of origin, not only lead to the formation of Diaspora but also helps in the organisation of diasporas. The Indian Diaspora is a generic term to describe the people who migrated from territories that are currently within the borders of the Republic of India. It also refers to their descendants. The Diaspora is currently estimated to number over twenty million, composed of "NRIs" (Indian citizens not residing in India) and "PIOs" (Persons of Indian Origin who have acquired the citizenship of some other country). The Diaspora covers practically every part of the world. As per the Report of the High level Committee on Indian diaspora 2001, the largest percentage of the populace is concentrated in South East Asia region (32%). The next bigger concentration is in Gulf region with 19%, however, it is almost half of the South East Asia. USA is home to 10 percent of Indians. Latin American

& Caribbean and UK both has 7 percent of Indian people, closely followed by Mauritius & Reunion and South Africa both with 6 percent of Indians. Other regions where Indians live are-Canada with 5 percent, Asia Pacific with 4 percent, other European countries with 3 percent and least number of Indians in East Africa with just 1 percent.

There are three categories of overseas Indians.

- o NRI's: Indian citizens staying abroad for indefinite period for whatever purpose
- o PIO's: Overseas Indians who have become citizens of the countries of their settlement.
- o SPIO: Stateless Persons of Indian Origin who have no documents to substantiate their Indian Origin (Majority in Myanmar and Sri Lanka).

Contemporary flows from India are of two kinds: The first is the emigration of highly skilled professionals, workers and students with tertiary and higher educational qualifications migrating to developed countries, particularly to the USA, UK, Canada, Australia and New Zealand. This flow started after Indian independence and gathered momentum with the emigration of IT professional in the 1990s. The second is the flow of unskilled and semiskilled workers going mostly to the Gulf countries and Malaysia, following the oil boom in the Gulf countries, mainly from Kerala and other south Indian states (MOIA, 2012). Of late, however northern states in India like Uttar Pradesh and Bihar have also emerged as the leading states of origin for such



migration

B. DIASPORA AND DEVELOPMENT: Due to globalization, the influence and impact of diasporas has increasingly become important especially in the areas of policy and in some cases on politics. It is important to see the relationship between the diaspora and nation's development and there are two different views about the relationship between diaspora and countries of origin. The first view is the "balanced growth" approach. The liberal economic theory suggests that, by alleviating unemployment and providing economic support through remittances and development of migrants' skills, migration enhances development in countries of origin, narrows intercountry income disparities, and eventually makes migration unnecessary. The relationship between diaspora and development is a two way approach, and there are two levels broadly on which diaspora and development interacts:

* First, the effect of diaspora in development, in terms of family remittance transfers; demand of services, such as telecommunications, consumer goods, or travel; capital investment and charitable donations to philanthropic organizations.

* Second, development affects migration, in the sense that closer economic integration symbolized by freer trade and investment can speed up change in developing countries, affecting the scale of international migration itself.

C. DEVELOPMENT

OUTCOMES OF DIASPORA ENGAGEMENT: The impact of diaspora's on their countries of origin has several dimensions especially in terms of investment, trade, remittances, trade, philanthropy, networks and so on, but the focus of the present paper is mainly on the impact of diaspora's in transferring knowledge and technology in their countries of origin. Since these impacts are not mutually exclusive, it may be pertinent to cover all these aspects

1. Remittances: The principal focus of the economic benefits to the countries of origin through their diaspora's is in the form of remittances- private transfers from the migrant population to their families. As per the latest World Bank Report (2015), remittances to developing countries amounted to \$431.6 billion in 2015, an increase of 0.4 percent over \$430 billion in 2014. India retained its top spot in 2015, attracting about \$69 billion in remittances, down from \$70 billion in 2014. For many developing countries, remittances are an important source of family (and national) income and are the largest source of external financing. The total value including unofficial remittance flows - money and goods sent through family, friends, informal or semi-formal channels is thought to be much higher. It is also important to mention that, remittances do not automatically contribute to national development. According to the International Organization for Migration (IOM), remittances tend to follow through three spending

phases-

- a) family maintenance and housing improvement,
- b) conspicuous consumption (spending resulting from tension, inflation or in a crisis situation or at times ostentatious expenditure as well)
- c) productive activities (improvement of land, education or health)

A large percentage of remittances do not extend to the third 6 phase. According to the World Bank, remittances can

- (i) reduce recipient household poverty, with spill over to other households
- (ii) increase investment in education and health as well other productive activities
- (iii) reduce child labour
- (iv) increase entrepreneurship

2. Trade and Investments:

There is evidence of that indicates strong correlation between the presence of diaspora residing in a country and trade ties to the country of their origin. Another significant role that diasporas plays is in the economic development of their countries of origin through investment. Diasporas plays a dual role when it comes to investment: either directly investing into their countries or by persuading non - diasporas to invest in their countries of origin. The diasporas have unique ownership advantages which ranges from their expertise in the area, networks which they have developed over the time as well as their ability to forecast new developments in their countries of origin. They can also combine this



knowledge with the skills, knowledge and networks they have cultivated abroad, yielding important synergistic advantages. However, available information suggests that investment by its 7 Diaspora in the Indian economy is still very low. Total amount of investments by Indian expatriates (NRIs) over the period 1991-2001 is put at \$2.6 billion out of the total \$100 billion FDI in India

3. Philanthropy: Yet another way in which diaspora contributes is through philanthropic engagement in many areas. Philanthropy has a pivotal role in advancing global equity, acting beyond the broader concerns of government and the narrower interests of business. These investments not only contribute in monetary resources, but also new skills, fresh thinking, and innovative approaches to global problems. Kathleen Dunn (2004:12) has observed that, 'Diaspora philanthropy has grown dramatically in the twentieth century, organising itself beyond the scope of providing the relief funds for natural disasters to one of the most important financial and social resources to developing countries'. Some diaspora organizations and individuals seek no personal return on investment, but rather pursue charitable enterprises. Such enterprises range from very smallscale, one-off efforts of community groups to more organized and durable efforts; from the donations of single individuals to powerful networks of like-minded donors. There is absence of any

systematic data relating to the contributions made by the diaspora the areas of philanthropy. In India, there is no mechanism to collect data on Diaspora philanthropy, nor is such type of data are kept or interpreted by the government authority or any other research organization.

4. Technology, Knowledge and Skills Transfers: In many countries, the diaspora acts as a trust, connecting critical components of the public and private sectors to expertise not available within the country and compensating to some degree for the departure of highly skilled emigrants. Some skills and knowledge-transfer initiatives rely on the temporary (and occasionally permanent) return of skilled diaspora members to the country of origin to teach and train-although these initiatives are hard to scale up because of their high cost and the difficulty of detaching professionals from their regular jobs abroad for meaningful periods of time. Some of the domains in which Indian Diaspora have contributed to endogenous economic development are inter alia - IT, diamonds, health and education, medicine and engineering.

Some of the domains in which Indian Diaspora have contributed to endogenous economic development are inter alia - IT, diamonds, health and education, medicine and engineering. This has generally picked up momentum after the economic liberalization in India in the nineties. Recently, the government has taken steps to

facilitate diaspora investment, by instituting a "one-stop-shop" for simplified procedural requirements.

C. POLICY PERSPECTIVES AND STRATEGY FOR DIASPORA ENGAGEMENT IN INDIA:

The effects of a diaspora are strongly mediated by policies and conditions in the country of origin. Several countries of origin have attempted to formulate policies of Diaspora engagement in order to use their overseas communities as a resource for development. Such policies range from securing better welfare conditions for their migrants abroad to promoting investment and contributions to development. To begin with, it is important to ask first is whether India has a Diaspora policy? Is it stated or written somewhere? Is it clear, transparent and evident in India's dealing with the Diaspora? Looked at formally, there is no 'whitepaper' on 'Indian Diaspora Policy'. This does not mean that India does not have a specific policy on Diaspora engagement. It is the view of this paper that India does have a robust Diaspora engagement policy and one that is evolving with the active involvement of the Diaspora itself. This consultative process is mentioned in addresses by the Prime Minister and the Minister for Indian Overseas Affairs at the (Pravasi Bhartiya Divas) PBD, which is one of the best forums for Diaspora engagement. It is also significant to mention that, the transformation of ideological climate in India towards Diaspora engagement has begun especially after 90's with the success of IT industry. The Ministry of



Overseas Indian Affairs (MOIA) is a unique experiment in Diaspora engagement. India in fact is only the 11th country in the world to have set up a separate 'Diaspora Ministry'. The MOIA was established in 2004 to "promote, nurture and sustain a mutually beneficial and symbiotic relationship between India and overseas Indians" (MOIA, 2009). The MOIA is the nodal Ministry for all matters relating to Overseas Indians comprising Persons of Indian Origin (PIO), Non-Resident Indians (NRIs) and Overseas Citizens of Indian (OCI) as also handle all aspects of emigration and return of emigrants. The mission is to establish a robust and vibrant institutional framework to facilitate and support mutually beneficial networks with and among Overseas Indians to maximise the development impact for India and enable Overseas Indians to invest in and benefit from the opportunities in India.

Some of the important points on Indian policy of Diaspora engagement are listed below: Regarding citizenship laws, India does not permit Dual citizenship, however its OCI Card scheme provides for life-time visa free travel and full residency and employment rights for Persons of Indian origin who are citizens of other countries. Given India's concerns and pressure from its Diaspora, India evolved its own model, which it called the 'Overseas Citizenship of India (OCI)', which is actually a Card (the OCI card) and is a follow up of the earlier grant of a 'Person of Indian Origin' or PIO Card. This was a hybrid between a dual and single

citizenship. India deprived OCIs of political rights, while it conferred economic privileges; even those were also restricted in some ways. OCI, therefore, is "not to be misconstrued as a 'dual citizenship'. OCI does not confer political rights". Similarly, voting rights have not been accorded to Persons of Indian origin who are citizens of other countries, however Non-Resident Indians (NRIs - Indian Passport holders settled overseas) have been 13 recently restored their right to vote by amending rules for registration of voters located overseas. The Indian Diaspora holding PIO or OCI cards have the right to purchase property in India (except farm and plantation). Tax Incentives Reduced customs duty regime for transfer of residence of Overseas Indians returning back to India are available including the retention of NRI status upto three years after return. Provisions for transfer of funds for philanthropy and tax exemption for the same are available. Portable Benefits Through the provision of SSAs (Social Security Agreements) pensionary benefits of Indian workers and professionals working overseas are both portable and can be totalised in countries where SSAs have been executed. There are many general Laws to promote investments from Indian Diaspora, several provisions have been put in place ranging from special incentives for Bank deposits, investments in the Share Market, and certain special provisions for OCIs and NRIs for Foreign Direct Investment. Also, to encourage employment of overseas Indians, amendments to rules for

doctors, scientists, academics and accountants have been or are in the process of being amended. The government of India has launched some schemes over the years for welfare of overseas Indians. To list, some of them includes, Indian Community Welfare Fund, PIO/OCI Card PIO card, Pravasai Bhartiya Bima Yojna, Pravasai Bhartiya Divas and Pravasi Bhartiya Kendra, Mahatma Gandhi Pravasi Suraksha Yojna, OIFC - Economic engagement, Global INK for Knowledge transfer, IDF - Philanthropy, ICM - migration policy research, SSAs/HRMP, Voting Rights, Gender Initiative - Assistance for women against fraud NRI marriages, Youth - Know India programme/Youth Clubs/Scholarships.

CONCLUSION : Although infrastructure and policy has been a barrier for knowledge and technology transfer in India, but one of the main barriers is the IPR which as hindered the diffusion of technology in the country. But, it is noteworthy to mention that, the recent government is taking all the progressive steps for engaging the Diasporas for the development of nation. The recent example of this can be related to the amendments in the IPR policy of India. The policy is entirely compliant with the WTO's agreement on TRIPS. It also aims to sustain entrepreneurship and boost Prime Minister Narendra Modi's pet scheme 'Make in India.' The Prime Minister on 14th Pravasi Bhartiya Divas exhorted the diaspora to participate in flagship government programmes such as Digital India,



Make In India, Start-up India, Swachh Bharat (Clean India) and Namami Gange (Clean Ganga) for the country's all-round development. The Prime Minister of India also launched a scheme called VAJRA (Visiting Advanced Joint Research) Faculty scheme by the Department of Science and Technology which enables NRIs and overseas scientific community to participate and contribute to research and development in India. For effective and systematic cooperation with diaspora some strategies need to be worked upon, such as mapping the diaspora and preparing "diaspora profiles", formulating diaspora friendly policies, establishing institutional mechanisms for coordinating the work of different departments within embassies to increase efficiency in building constructive relationships with diasporas and their networks and engaging with multiple stakeholders namely chambers of commerce, investments promotion agencies, trade associations, universities, banks. Thus, for the overall national development, it is important for the country like India to tap the capacities of the overseas nationals for the development of their motherland as well as countries where they are settled in and it can be done by liberalized the norms for

nonresident Indians and persons of Indian origin. 16 On a global level, we need to explore the catalytic role of diaspora in reaching the Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development. Diaspora expertise and contributions must be better leveraged to deliver on the 2030 Agenda particularly for SDGs that aim to end hunger, poverty, ensuring healthy lives and lifelong learning that are at one end of the spectrum to the larger development goals of sustainable energy, housing, industrialization, conserving marine resources and eco0 systems, combating climate change, promoting peaceful and inclusive societies. Goal 17 which reads ' Strengthen the means of implementation and revitalize the global partnership for sustainable development', in particular opens several windows, such as technology, trade, finance and capacity building for diaspora contribution.

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