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Development Dimensions of Migration and Diaspora Policy in India

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India has been one of the most important source countries for migrant workers across all skill levels globally. Migrant flows from India are broadly of two kinds; first, the emigration of highly skilled professionals, workers and students with tertiary and higher educational qualifications who mainly migrate to English speaking developed countries and second, the flow of unskilled and semi-skilled workers to the Gulf countries and Malaysia. This diverse migrant workforce and resulting Indian diaspora has contributed to India in multiple ways, both tangible and intangible and has led to conscious efforts on the part of the Indian government and industry to facilitate their engagement with India. This article briefly outlines the profile of India's migrant workforce and diaspora and the contributions they have made through various channels such as remittances, trade, investment flows, philanthropy, and soft power. It outlines the migration and diaspora policies adopted by the Indian government and initiatives taken by Indian industry to enable strategic management of this workforce and diaspora. It concludes by highlighting steps that are needed to better harness this asset.

Introduction

Migration is one of the most debated and sensitive subjects today. With anti-immigration sentiment on the rise and the fate of leaders and states hinging on referendums surround-

ing migrants and their status, one could say that this has become the most charged political, economic and social issue of our times. And yet migration is here to stay. Demographic imbalances between nations, cost imperatives, and labour market dynamics will continue to drive migration in the near to medium term. According to the UN, there are an estimated 232 million international migrants, i.e. those who have spent a year or more outside their country of birth and comprising of refugees, economic migrants, asylum seekers, legal and illegal. Both South-North and South-South migration flows are and will remain considerable in the foreseeable future. Thus, an understanding of the broader socioeconomic consequences of migration and a country's diaspora population is important for both sending and receiving countries so that they can use this resource to their advantage and can help shape the discourse for mutual benefit.

The case of India underscores the importance of understanding migration and devising appropriate policies and strategies to benefit from it. India is the largest source of migrants in the world, with an estimated 16 million living overseas. It is a major contributor to the world's skilled, semi-skilled and unskilled labour force. One in 5 highly education migrants in the G20 countries is from India, China or the Philippines, with the largest number among these being from India. India is also a major contributor to international student mobility, with some 220,000 students

studying overseas in 2012, i.e., 5.6 percent of all international students. Reflecting India's significance in global migration, remittances were to the tune of \$74 billion in 2015, making India the single largest recipient of remittances in the world. The Indian case provides a useful example of how a country can stand to benefit from migration and can strategically harness its diaspora population.

Profile of India's migrants and diaspora

India's migrant workforce and diaspora population is spread across the world. The top three destination markets are the UAE, Saudi Arabia and the US, with 2.8 million, 2.6 million and 1.7 million migrants, respectively in 2015. Other major destinations include Kuwait, Oman, Singapore, Bahrain, Qatar, Australia, Canada and the UK.

There are broadly two groups of destination markets; one, the English speaking developed countries and two, the GCC countries. The India-Gulf migration corridor is of special significance as it is bilaterally very important. Indians make up 40 percent of the GCC workforce while the GCC countries account for 68 percent of emigration from India to the world.

Associated with this distribution by destination markets, are two broad groups of Indian migrants in terms of skills and occupational profile. The first group consists of highly skilled professionals with tertiary and higher educational qualifications, mainly in the Science, Technology, Engineering and Management disciplines who largely migrate to the English speaking developed countries. Surge in this migration occurred after 1990 when temporary worker visas were increased in the US following the IT boom and with the introduction of points based programs for skilled workers in several OECD countries. Indian IT professionals accounted for over 60 percent of all H1B (specialty occupation) visas allocated by the US in the early to mid-2000s. Admissions data for foreign workers in Canada show that close to 8,000 and 12,700 Indians were admitted under Canada's Temporary Worker Program and the International Mobility Programs, respectively in 2013. India ranked amongst the top 10 sources for business immigrants entering Canada. Indians accounted for close to 40% of admissions under UK's Highly Skilled Migrant Programme (HSMP) in 2002-05 period, with 59% of all those admitted in the medical field and 45% in IT.

The second group consists of low and semi-skilled Indian migrant workers who mainly go to the Gulf region and work as drivers, craftsmen, technicians, construction workers, nurses, domestic helpers, cleaners

and other manual services. Much of this migration is driven by existing social and community networks, with certain source regions such as Kerala dominating, though increasingly, the poorer and more populous states in India are also showing growing outflows of low skilled workers to the Gulf region.

Impact of migration and the diaspora on India

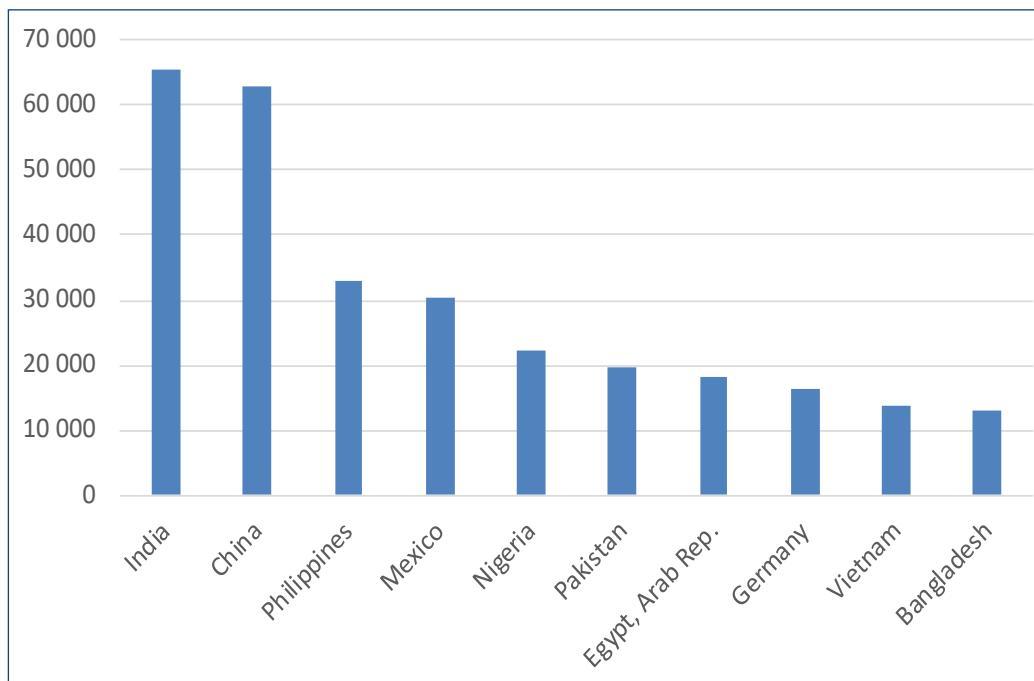
Given the diversity of India's migrant workforce and diaspora in terms of skill sets, geographic distribution and origin, it has contributed to the Indian economy and society in multiple ways, both tangible and intangible and at the macro and micro levels. In line with the established literature on migration and development, these contributions have taken the form of remittances, increased trade and investment flows, philanthropy, knowledge and technology transfer, enhancement of cultural and social relations, and sector specific development.

Remittances

India receives the largest amount of remittances in the world, estimated at \$65 billion in 2017 as shown in the figure below. These inflows finance a significant part of India's current account and merchandise trade deficit at 15 percent of exports and 12 percent of imports. Remittances have grown more than five-fold for India over the 2000-17 period.

At the local household and community level, remittances have been an important source of consumption, small savings, debt retirement and asset creation. They have enabled poor families to invest in the construction and maintenance of housing, in their children's health and education and for funding and incubating small businesses. In the southern state of Kerala, Gulf remittances have accounted for as much as 22 percent of the state's domestic product and have contributed to household welfare by augmenting per capita annual income. The state government's 2014 Economic Review notes that Gulf remittances have helped finance electrification, construction and repair of houses, spending on health and education and setting up of small businesses like retail shops and restaurants. In some of the poorer northern states, remittances have helped fuel economic growth in source regions and helped families service their debt to avoid dependency and bondage.

At the national level, savings by Non-Resident Indians (NRIs) have helped the Indian economy tide over balance of payments cri-



Remittance inflows to major developing country recipients (US \$ million). Source: <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data> (accessed October 10, 2017).

ses and have provided macroeconomic stability by providing valuable foreign exchange reserves. For example, in 1998, following the imposition of sanctions by the US, the Indian government tapped its NRI population by launching special savings bonds (Resurgent India Bonds scheme). In 2000, it launched the India Millennium Deposits (IMD) scheme, targeting tax free and high interest earning repatriable foreign currency accounts for NRIs. Such schemes helped mobilize several billion dollars in savings. It is estimated that between 1991 and 2004, inflows from NRIs through non-resident deposits increased from \$1.4 bn to over \$33 bn.

Trade and business

Migration has also helped shape India's trade and business relations as Indian migrants and the diaspora have acted as a bridge between producers and consumers in their host countries and India. They have facilitated the introduction of new products and services and new companies on both sides, such as textiles, food, entertainment, gems and jewelry, leather, handicrafts, and IT. For example, the Gujarati community in Antwerp has helped shape India's role in the diamond trade and the flourishing gems and jewelry industry in Gujarat. More recently, India's IT and IT-en-

abled services exports have benefited from the presence of highly skilled Indian software professionals, engineers and entrepreneurs in the US' Silicon Valley. Mobility of professionals plays an important role in India's IT services exports as on-site provision constitutes more than half of such export earnings.

Sectoral contributions

Certain sectors such as health, education, science and technology, have been greatly benefited by the Indian diaspora. These gains have been realized through knowledge, skill, and technology transfer; the training and mentoring of home country workers; the building of trust in and reputation of Indian companies and knowledge institutions; by marketing India as a safe destination for investments to foreign investors and providing contacts to overseas clients; the setting up of establishments; the mobilization and channeling of funds to ventures in particular sectors; and by influencing policies on trade, investment, immigration, standards, and research.

A good example of a sector where such contributions are evident is health. Indian health professionals overseas and returning Indian doctors have contributed significantly to the Indian health sector by helping set up world class corporate hospitals, enabling the

procurement of latest medical equipment and technology, by introducing new processes and systems in healthcare delivery, by making financial and voluntary service contributions, through research and training activities, by helping forge cooperation agreements between hospitals in industrialized countries and India to facilitate the exchange of professionals, telemedicine and medical tourism, and by setting up research fellowships for Indian doctors. Indian overseas professional organizations (e.g., American Association of Physicians from India (AAPI), the Association of Indian Neurologists, Association of Asian Indians in Ophthalmology in the US) have contributed to the transfer of skills and technology through medical research and training collaborations.

Likewise, in the IT-BPO sector, the Indian diaspora has helped bring contracts and seed capital to Indian IT companies. It has aided offshoring of back-end operations to India, influenced host country MNCs to set up subsidiaries in India and has enabled networking, collaboration and technology transfer to India. It is estimated that 15 percent of IT startups in India have been established by Persons of Indian Origin. Senior Indian engineers in the US were among the first to outsource software services to India. NRI entrepreneurs turned venture capitalists have been influential in organizing the Indian Venture Capital Association in Bangalore, a technology related venture capital cluster similar to that in the US Silicon Valley and Boston. Indian IT graduates in the US have influenced US MNCs such as GE, IBM, Cisco and Microsoft to set up R&D centres and to expand their operations in India.

In the science and technology domain, the contributions of the Indian diaspora and returning Indian professionals in science and technology have been wide ranging and significant. Scientists and Technologists of Indian Origin (STIO) have contributed to higher education, research, and training. In the pharmaceutical sector, expatriate Indians have contributed by awarding contract research assignments to Indian R&D laboratories for developing new drug molecules, by enabling Indian scientists to access research facilities overseas, and assisting the production of affordable drugs. The STIO community has helped Indian scientists from various institutions to participate in collaborative research programs for placement of Indian post doctorate fellows in reputed academic and research positions overseas, research internships and cutting edge work in fields of relevance to India. Several US based alumni of the Indian Institutes of Technology have provided huge endowments to alma maters for up-

grading infrastructure, capacity building, and setting up new departments.

Philanthropy and soft power

The Indian diaspora has also played an important role by mobilizing funds at the individual and organizational levels for social and charitable causes. These include contributions towards rural development, healthcare and family welfare, construction, disaster relief, children's education, women's empowerment, institution of scholarships and trusts, among others. There are several noteworthy examples of organizational philanthropy. For instance, the India Development Service in the US provides support to grassroots economic and social development programs in India such as for forming dairy cooperatives, conducting adult literacy, education, and health camps. The India Service Corps works on projects in infrastructure, education, agriculture, micro credit, health, sanitation, and other rural development schemes in cooperation with NGOs in India. The Charitable Foundation of AAPI has set up free clinics in India, donated equipment, and has been involved in AIDS prevention, medical education, rehabilitation, and disaster management programs. It is estimated that the potential for charitable contributions from US-based Indians alone is \$1.2 bn per year, which is over half of the annual Official Development Assistance received by India.

The Indian diaspora is also an important force in terms of soft power and cultural diplomacy. This community has become active politically in host markets such as the US, UK and Canada and is becoming increasingly integrated with local political systems, as MPs, key political appointees or spokespersons who influence legislation. Hence, it is not only helping to create greater awareness about India in other countries but also acting as an intermediary between governments. This soft power is helping to influence public policy and opinion in some of these countries and to improve bilateral ties by promoting more cultural exchange, tourism and commercial relations.

Policies and initiatives

While diaspora and migration are associated with many positive externalities, the potential to realize these benefits and to strategically harness them depends on the policy frameworks, incentives and initiatives of both home and host countries. In this regard, there is a clear shift in perspective by both the Indian government and Indian industry towards

engaging with the diaspora and managing migration more effectively. While the focus on the low skilled has been the responsibility of the government, primarily aimed at addressing welfare concerns and facilitating their contributions through remittances, the focus on skilled migrants has been evident in government as well as industry initiatives. The objective has been to facilitate temporary skilled mobility and leverage the skilled diaspora as a strategic asset through a range of initiatives. The latter include bilateral cooperation programs in science and technology to strengthen networking of Indian industries, research labs, and educational institutions with Indian STIOs abroad so as to develop human resources and research capacity in India, to encourage technology entrepreneurship, to establish India as a global R&D platform, and to leverage alma mater relationships with overseas alumni. There have been efforts to encourage FDI from NRIs and Persons of Indian Origin., including the reservation of industrial plots for the diaspora by some state governments, overseas visits by state delegations to invite NRI investments and relaxation of restrictions for NRI investors. There have also been public-private initiatives, such as the establishment of an Overseas Indian Facilitation Centre to support investments, knowledge networking and business-to-business partnerships. Other measures taken by the government include recognizing the diaspora through regular events and granting of Overseas Citizens of India and Persons of Indian Origin status to the diaspora, conferring them with dual citizenship (though not voting rights). Industry chambers have also increasingly reached out to the diaspora through discussions, internship programs and investment forums. In short, the Indian government and Indian industry have been proactive in recent years in managing migration and tapping into diaspora resources.

Further steps

Notwithstanding several initiatives, there remain some notable gaps and areas where further efforts are needed. Institutional frameworks are needed to facilitate return migration and integration, to enable the establishment of small businesses and startups with diaspora investments and remittances, and to concretize and follow through on the outcomes of various migration and diaspora related dialogues and forums. Such support structures would also enable the diaspora community to become a sustained player in development initiatives. One specific area where institutional support at the central and state government

levels and policy predictability can be critical is FDI. Although FDI policies, especially for NRIs have been liberalized in several sectors, implementation on the ground remains constrained by bureaucratic and procedural hurdles, institutional inefficiencies and lack of adequate investment structures to make large scale investments. There thus remains a discrepancy between approvals and actual FDI inflows from NRIs. Coherence is often lacking between the centre and the states, unlike in China where the government has coordinated policies at various levels to leverage its diaspora, by assisting them in business deals and by proactively granting them preferences in land allotment of land, faster approval and clearances. There is also a need to create databases which compile information on emigrants, diaspora, and diaspora organizations and to link this information with concerned agencies and government departments to enable evidence based policy making.

Industry too has an important role to play in terms of reaching out to skilled migrants and the diaspora for promoting trade, investment and knowledge linkages. Industry can help develop financial instruments to attract diaspora savings and link remittances with community development and the setting up of small businesses. In particular, there is ample scope for the private sector to partner with the Indian diaspora in facilitating some of the ongoing initiatives of the Indian government concerning entrepreneurship, skill development and certification, digitization, and research and development. Public-private partnerships can provide innovative ways to tap the development potential of India's migrant workers and its diaspora population.

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