

DIASPORA AND ITS DEVELOPMENT: A THEORETICAL ANALYSIS

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Abstract

The contributions of diasporas to globalisation are growing in importance. Therefore, there is a fresh interest in the ways in which diasporas can enrich both their home and host countries. The diasporas are keen to take part in this expansion because of the facilitated transnational linkages. As a result, it is crucial that politicians have the skills necessary to build trust, inspire, and engage diasporas in the pursuit of sustainable development. This study aims to draw attention to the role diasporas have played in the development of their home nations, focusing on the Indian diaspora. It also emphasises the significance of considering the swelling flood of individuals on the move.

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1. Introduction

Diasporas are quickly becoming a driving force behind globalization's progress. As a result, there is renewed focus on how diasporas can benefit both their home and host countries through integration. Due to improved transnational connections, the diasporas are also eager to participate in this growth. Therefore, it is imperative that policymakers be able to establish credibility, as well as motivate and involve diasporas, in efforts to achieve sustainable development. Over the past decade, there has been a growth in the study of diasporas. However, less progress has been made on (a) establishing a common definition of the term "diaspora," and (b) developing a methodological approach to estimating the size of each country's diaspora. Diaspora needs to be defined before it can be counted. According to the work of Ratha et al. (2011), the term "diaspora" refers to emigrants and their descendants who continue to have ties to their original country. The worldwide economic integration of national economies into one global economy has promoted not only the "free migration" of products and capital, but also international mobility of people. In an increasingly interconnected world, international migration is a global phenomena that affects economic, social, and security aspects of daily life.

The purpose of this paper is to draw attention to the role diasporas have played in the progress of their home countries, particularly the Indian diaspora. It also highlights the importance of taking into account the rising tide of people on the move.

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2. Engaging the Diaspora for Economic Development

Diaspora as a concept has evolved greatly over time. As a result of their transnational orientation, they have transformed from a tragic and unfairly targeted group into an active community that contributes to the economic, political, and cultural life of both their home and host countries. The original ideas of "melting-pot"-style migrant integration and loyalty have given way to the idea of circulation and simultaneous commitment to two or more societies (De Haas 2005). As a matter of fact, diasporas are thought to contribute to the development of their home countries when their members are more prosperous and socially accepted in their new homes.

As diasporas contribute to the progress of two or more nations at once, it is imperative that they keep in touch with their peers in those other nations. These connections must be maintained and nurtured from the time of migration onward in order to foster healthy bilateral relationships between the countries involved. Connecting not only diaspora-homeland ties but also co-ethnics and co-nationals all over the world, networks are like a web of transnational ties.

For the purposes of this discussion, five broad areas/avenues of diaspora engagement have been identified. Diaspora engagement and participation in homeland development is a dynamic process with no set formula. These include things like tourism, investments, philanthropy, brain gain, and trust in the local community. Since the Indian diaspora encompasses such a diverse group of people and migration routes, the ways in which they contribute to development are just as varied. India's policy towards the Indian diaspora underwent a dramatic shift as economic liberalisation began in the early 1990s (Pande 2011).

3. Mobility of Knowledge and Brain drain

Brain regain/circulation/skill transfer has been identified by several researchers (Stark et al. 1998; Saxenian 2004; Kuznetsov 2011) as one of the most significant areas of diaspora contribution to the home country. The success of India's IT industry is often held up as an excellent illustration of the many advantages of this approach. The highly skilled Indian diaspora has played a crucial part in India's booming information technology industry.

Mentoring, coaching, outsourcing, acting as intermediaries, and helping bring about policy changes are just some of the ways it has aided in the gradual evolution of IT and IT-enabled services. It has also helped increase confidence in India's intellectual abilities and fed the industry with new ideas, technologies, and markets. This partnership grew out of a mutually beneficial situation between the Indian diaspora and the Indian government. The government of India has launched a number of programmes to make use of its citizens temporarily or permanently living and working abroad. To attract professionals on a temporary basis, it launched a number of standalone programmes like the Pool Officers Scheme and maintains a number of others under the Transfer of Knowledge through Expatriate Nationals umbrella (TOKTEN).

The Twelfth Five-Year Plan has initiatives to attract and retain highly-qualified Indian academics working abroad. Many of the world's best private universities are owned and operated by Indian expatriates. But India still has a ways to go before it can fully translate brain drain into brain regain/circulation by building its capacity and utilising the talents and resources of its diaspora. As well as draining the country of talented young people, the annual outflow of US\$10 billion in foreign exchange caused by Indian students studying abroad is a major problem (Thaindian News 2009). As the shortage of medical professionals and academics, especially at the state level, makes clear, the lack of resources in these spheres is a clear indicator of the skill gap.

4. Remittances

The Reserve Bank of India classifies remittances as "Private Transfers" for accounting purposes (RBI). Some examples are (a) money sent back home to support relatives, (b) money withdrawn from an NRI's deposit account in the country, (c) money given to charities or temples, usually through a checking account, and (d) precious metals like gold and silver. Financial flows from temporary migrants (those working abroad for less than a year) are reflected in both the Private

Transfers statement and the Compensation of Employees account. Sales of this product, which hit the market in 1999, increased from around \$100 million in 2000 to just under \$1 billion in 2010. The influx of remittances increased dramatically in the late 1970s, but the numbers show that they stayed about the same throughout the 1980s. Following the implementation of reforms, remittances continued to rise as a percentage of India's GDP (Das et al. 2010). Increases in the 1990s can be attributed to an increase in the proportion of highly-skilled and skilled migrants sending money home, particularly from North America (Chandrashekhar 2012) NRI deposits saw higher local usage due to the favourable policy framework and opportunities in India, both of which could have contributed to the rise (Tumbe 2012). However, despite this trend, remittances have never contributed more than 4% of India's GDP.

5. Investment Contributions from Diaspora

Taking a cue from the Chinese model, one of the chief aims of New Delhi while formulating the diaspora policy was to attract Foreign Direct Investment (FDI). Based on the suggestions of the report of the High Level Committee, a series of reforms and new policies were introduced to ease NRI investment in India. Apart from the Government of India, the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Confederation of Indian Industry (CII) are also occupied with a multi-pronged approach for attracting FDI from the diaspora. Unfortunately, the share of diaspora FDI in India has still not touched double digits and is under great scrutiny due to problems like 'Round Tripping' (Kapur 2003).

However, the government has implemented a liberalised policy framework to facilitate diaspora investment, such as the establishment of the Overseas Indian Facilitation Centre (OIFC) under the MOIA in 2007 and the simple approval of proposals by both the automatic and government routes with respect to NRIs and Overseas Corporate Bodies (OCBs) (in which NRIs hold at least 60 per cent of equity). The NRIs/OCBs can put up to 100% of their equity into the high-demand sectors if they so choose. Non-Resident Aliens are permitted equity participation of up to 24% in Small-Scale Enterprises (SSEs). Actually, diaspora investments may be more applicable to short- and medium-term investments that are feasible through networks. The diaspora's ability to invest in their home countries, reap financial rewards, foster economic growth, train future business owners, and facilitate access to capital, consumers, and distribution channels for exports is largely due to the fact that it is able to leverage small capital and personal or familial networks.

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Due to the unfavourable FDI environment, the vast majority of diaspora assets have been channelled into portfolio investments and bank deposits. It has become increasingly common to issue bonds denominated in a foreign currency to members of the diaspora as a means of attracting their financial support, particularly for specific projects. Two countries that have been early adopters of issuing bonds denominated in hard currencies are Israel (1951) and India (1991). Because of the 'home bias,' diasporas are seen as more knowledgeable than other foreigners and more willing to take risks, accept lower returns, and act as first movers (Terrazas 2010). However, as Carmen Voigt-Graf (2005) and others have noted, diaspora funds behave similarly to other portfolio investments (causing crisis by sudden withdrawals) and are not as 'patriotic' as the

governments would want them to be. Despite the prevalence of this issue in India, diaspora bonds continue to serve as a reliable funding mechanism in times of crisis or for specialised projects.

NRI deposits are another well-known way that expats contribute to the capital market. Non-Resident (External) Rupee Accounts (NR[E]RAs), Foreign Currency Non-Resident Accounts (FCNR), FCNR banks, Non-Resident Non-Repatriable (NRNR) Rupee deposits, Non-Resident Ordinary (NRO) Rupee accounts, foreign currency (bank and other) deposits, and foreign currency (ordinary) non-repatriable (FCONR) deposits have all been in place since 1970.

Because of these deposits, the Indian diaspora has surpassed the country's domestic banking system as the primary source of its external debt. With this trend having started in the 1990s, by 2006 India's debt to NRIs had surpassed its debt to multilateral organisations (Lal 2006: 73). The rise in NRI deposits over time is directly related to the expansion of long-term debt. Since 2003, nonresident Indian (NRI) deposits have made up more than 20% of India's external (long-term) debt. Despite being within acceptable parameters for the past few years, it has become clear that we must lessen our reliance on these precarious deposits (RBI 2004).

In a recent article, Rupa Chanda (2013) argued that the issue of how to involve the diaspora and oversee their contributions should be viewed in the broader context of fostering an environment that is conducive to business and investment.

6. Philanthropy

The government is beginning to focus on the importance of philanthropy in development. A closer look at the pattern of Indian emigres' charitable giving reveals that most donations are made through unofficial channels, with the primary motivators being "traditional concerns of family, kinship, castes, and (overwhelmingly) religious sentiments," to which are "added by modern ideas of doing something good for the poor and the needy" (Niumai 2009). The majority of documented philanthropic giving goes to these three areas of need: health, education, and relief/rehabilitation. Recently, the Indian government has recognised the value of charitable giving and established formal channels for it. The Ministry of Overseas Indian Affairs (MOIA)-led India Development Foundation of Overseas Indians (IDF-OI) is another credible initiative in this area. Many groups of Indians living abroad are working to improve health care, schools, and infrastructure in their home states and small towns.

Indians appear to have a deep distrust and cynicism of official institutions and formal civil society organisations, instead preferring to donate to groups with which they have personal ties, such as those affiliated with their extended family or religious community (Kapur 2004). That's why it's so important for the government to get creative and set up reliable secular avenues for charitable giving. In the case of schools and hospitals in far-flung areas, the accessibility made possible by technological advancements can be invaluable.

7. Tourism

A growing number of people, especially younger generations, see diaspora tourism as a crucial means of both making money and strengthening ties with people who have moved away. It's possible to divide diaspora travel into subsets such as those that focus on history, medicine, business, religion, family history, or spirituality. To attract those from the diaspora, special packages can include a selection of all three. The same conditions that are necessary for regular tourism are also necessary for diaspora tourism: a secure setting, a functional infrastructure, a focus on the middle class, and relaxed visa policies (Scheyvens, 2007). Among the world's population, there are an estimated 25 million people of Indian ancestry who could be a lucrative tourist market for India. Travel packages for the Indian diaspora should be customised to meet the needs of this varied community. However, the Government of India has not followed through on a recommendation to increase diaspora tourism that was made by the High-Level Committee on the Indian Diaspora. India's tourism ministry does not keep track of the number of diaspora tourists who visit the country each year, and its policies and programmes do not cater specifically to this demographic. Foreign Nationals and Non-Resident Indians (PIOs) are considered domestic tourists.

While diaspora tourism has been pioneered by private operators and some state governments (such as Gujarat), if fostered, it has the potential to have far-reaching effects for India's tourism industry (Pande 2006).

8. Conclusion

India may find success catering to the approximately 25 million people of Indian ancestry living in different parts of the world. Because of their varied needs, members of the Indian diaspora benefit more from individualised vacation packages. Government officials in India have ignored a recommendation from the High-Level Committee on the Indian Diaspora to increase diaspora tourism. The Indian government does not keep track of the number of diaspora tourists who visit the country each year, and its tourism ministry does not tailor its policies and programmes to this demographic. For purposes of tourism statistics, PIOs are considered international visitors, while NRIs are considered domestic. Although private tourism companies and some state governments (such as Gujarat) have been early adopters of diaspora tourism, fostering this phenomenon could have far-reaching benefits for India's tourism sector (Pande 2006).

- Altering the structure of government to better accommodate newcomers, such as by establishing a new department or ministry, enacting preferential citizenship laws, facilitating travel and visa procedures, securing legal rights to live and own property, maintaining records, etc.
- Initiating Appropriate Programs and Projects: This would include programmes designed with the explicit goal of engaging diasporas as development actors, encouraging investments, tapping into diaspora savings, facilitating knowledge/skill transfer, and promoting philanthropic contributions, as well as programmes to monitor/evaluate the progress and impact of the programmes.
- Since diasporas prefer more personalised or informal forms of engagement with their places of origin and friends and relatives, it is wise to provide opportunities for engagement at the level at which they are most comfortable and familiar. It's necessary to devolve authority down to the district and village levels, and that authority must extend into the private sector.
- Diaspora networks, which are crucial for finding what is needed and finding people who want what is available, can be strengthened and institutionalised. In order to successfully build partnerships between actors at home and in the diaspora, it is crucial to reinforce/strengthen or, at the very least, partially institutionalise such networks.
- Creating a policy framework that benefits both the diaspora and the home country means making sure the programmes and incentives offered to the diaspora are actually beneficial to the diaspora. The vast majority of the Indian diaspora are professionals of varying degrees of expertise, or (if they are not involved in the IT industry) entrepreneurs and merchants with a desire to make a return on their capital, regardless of where they currently live. The government must therefore launch initiatives that will benefit both India and its expatriate population.

Making sure the diaspora's programmes and incentives help the diaspora is a crucial part of developing a policy framework that helps both the diaspora and the home country. Most people of Indian descent who have moved away from India are either highly educated professionals or, if they are not working in the IT field, businesspeople who want to see a profit on their investments. Therefore, the government should take steps that are good for both India and its expatriate population.

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