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CARIM-INDIA – DEVELOPING A KNOWLEDGE BASE FOR POLICYMAKING ON INDIA-EU MIGRATION

Co-financed by the European Union

India's Engagement with its Diaspora in Comparative Perspective with China

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Analytical and Synthetic Note
Policy Brief

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CARIM-India – Developing a knowledge base for policymaking on India-EU migration

This project is co-financed by the European Union and carried out by the EUI in partnership with the Indian Council of Overseas Employment, (ICOE), the Indian Institute of Management Bangalore Association, (IIMB), and Maastricht University (Faculty of Law).

The proposed action is aimed at consolidating a constructive dialogue between the EU and India on migration covering all migration-related aspects. The objectives of the proposed action are aimed at:

- Assembling high-level Indian-EU expertise in major disciplines that deal with migration (demography, economics, law, sociology and politics) with a view to building up migration studies in India. This is an inherently international exercise in which experts will use standardised concepts and instruments that allow for aggregation and comparison. These experts will belong to all major disciplines that deal with migration, ranging from demography to law and from economics to sociology and political science.
- Providing the Government of India as well as the European Union, its Member States, the academia and civil society, with:
 1. Reliable, updated and comparative information on migration
 2. In-depth analyses on India-EU highly-skilled and circular migration, but also on low-skilled and irregular migration.
- Making research serve action by connecting experts with both policy-makers and the wider public through respectively policy-oriented research, training courses, and outreach programmes.

These three objectives will be pursued with a view to developing a knowledge base addressed to policy-makers and migration stakeholders in both the EU and India.

Results of the above activities are made available for public consultation through the website of the project: <http://www.india-eu-migration.eu/>

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Abstract

The research report "India's Engagement with its Diaspora in Comparative Perspective with China" discusses the history and main characteristics of the diaspora policies of India and China, two countries with leading and influential diasporas worldwide. The similarities and differences between the two countries' policies are analysed, as well as their results in successfully engaging with the diaspora. The report concludes with policy recommendations for the Indian government in the field of diaspora relations. It shows that new forms of citizenship such as "emotional citizenship" and "flexible citizenship" are increasingly emerging as a result of transnational migration.

While India and China initially neglected their respective diasporas, their policy of indifference changed when they embarked upon economic reform. Although neither country accepts dual nationality, both have now recognised the great economic and social value of their diasporas and the potential contribution to the "homeland" that they can make from abroad. China and India have created an increasingly extensive diasporic infrastructure (such as dedicated diaspora ministries), combined with policies designed to attract investment as well as emotionally bind the diaspora to the "motherland". While China has aggressively courted its highly skilled scientific diaspora, offering highly competitive salaries and working conditions to returnees, India has pursued a policy of offering a range of benefits, such as visa-free travel, to its diaspora, creating two main categories of overseas Indians.

China can claim success in attracting a significant number of "sea turtles" as returnees are known, back to Chinese universities and research parks, and has also been very successful in attracting ethnic Chinese Foreign Direct Investment. Although FDI figures from the Indian diaspora have been disappointing, India is the leading recipient of remittances worldwide, and its "Person of Indian Origin" and "Overseas Citizen of India" schemes have enjoyed great popularity among the Indian diaspora.

The challenge for India is to build upon its already significant diaspora infrastructure in order to attract higher levels of investment, business formation and to boost diaspora-related initiatives in Indian states that have been relatively deficient in this area to date.

India and China boast two of the largest and most extensive diasporas in the world, both having a long history of settlement and contribution abroad. In 2001, the High Level Committee on the Indian diaspora established by the Indian government estimated the global Indian diaspora at 20 million people (representing 1.9% of the total Indian population). The Global Commission on International Migration in 2005 estimated the worldwide Chinese diaspora at between 30-40 million people (representing 2.9% of the total Chinese population).¹ Data from MOIA (Ministry of Overseas Indian Affairs) and OCAC (Overseas Chinese Affairs Council) reveals however that the global distribution of the Chinese and Indian diasporas is quite different: the former is mostly concentrated in Southeast Asia (with the notable exception of the US), whereas the latter is more evenly spread across the world, with significant concentrations in the Gulf, the UK and North America.² Since embarking on economic reforms in 1991 and 1978 respectively, India and China have increasingly sought to harness the potential of their worldwide diasporas for their economic and scientific development. Both countries have built up a substantial institutional and policy apparatus for reaching out to and linking their diaspora populations to the “motherland”. The very use of the term “motherland” is illustrative and reveals how national governments construct “imagined communities” in order to unite very disparate groups under one global umbrella. Buttressing these policies are national discourses that seek to emotionally bind all Chinese and Indian origin individuals to the country of their ancestors. This short research report will discuss the similarities as well as the divergences between the diaspora engagement policies of Indian and China, with the aim of analysing the impact of these policies in encouraging diaspora collaboration and return.

During the Cultural Revolution in China and during the early post-Independence period in India, strategies to reach out to the diaspora were minimal and the diaspora was often viewed in a negative light. In China, the overseas Chinese were portrayed as “bourgeois capitalists” and their relatives in China were persecuted (Thuno 2001: 910-29). In India, one could characterise early Indian government attitudes towards the Indian diaspora as one of indifference; no attempts were made to exploit their knowledge or financial resources. This hostility in the case of China and benign neglect in the case of India changed when both countries decided to open up their economies and embraced economic reform.³ While neither country permits dual nationality (nor is this possibility contemplated in the near future), India and China have created an impressive institutional infrastructure and related policies in order to court investment, and increasingly, to tempt individuals of Indian/Chinese origin to return ‘home’.

India

In India, initiatives to engage the diaspora have multiplied at both the central government and state level. At the national level, the Ministry of Overseas Indian Affairs (MOIA), established in 2004, has a number of special programmes for overseas Indians. Initially called the Ministry of Non-Resident Indians’ Affairs, its rapid name change within a year of its inception reflects the desire of India to tap the resources of its entire diaspora, and not just Indian nationals resident abroad. This is mirrored in the discourse of the Indian government, which stresses ethnicity in its efforts to court diaspora support, as well as in its changed nationality law, which in 1987 shifted from *jus solis* (nationality based on country of birth) to *jus sanguinis* (nationality based on parentage). The services of MOIA are therefore directed at both NRI’s or Non Resident Indians and PIO’s or Persons of Indian Origin. Two of its most successful schemes have been the introduction of a form of ‘flexible citizenship’ that almost approximates the benefits of full dual nationality. The PIO or Person of Indian Origin Card was

¹ These figures include several generations of migrants and their descendants and are not the result of an official census.

² This data, although from government sources, is not comparable since the Indian and Chinese governments define and measure their diasporas differently.

³ The phenomenon of indifference towards the diaspora was repeated in many other countries during this period.

introduced in 2002 and grants visa free travel to India for a period of 15 years. PIO cardholders are exempt from registering with the police if their stay does not exceed 180 days. The card is designed for foreign passport holders of Indian origin up to the fourth generation settled throughout the world except for Afghanistan, Bangladesh, Bhutan, China, Nepal, Pakistan or Sri Lanka. Applicants must prove that they or their ancestors either held an Indian passport or was born in India as defined by the Government of India Act, 1935. PIO cardholders enjoy parity with Non-Resident Indians in a number of areas, including the ability to purchase property (except for agricultural land), access central and state level housing schemes and education (their children can access reserved seats under the Non Resident Indian category in Indian universities). A key difference with Indian nationals is that PIO cardholders are not accorded political rights, and hence cannot vote or stand for election. In 2006, a further scheme was launched that accords more extensive benefits known as Overseas Citizenship of India (OCI). Although similar to the PIO card, the OCI card gives visa free, multiple entry and multi purpose travel for life, as well as permanently exempts its owners from ever having to register with the police. Its eligibility criteria is also slightly more restrictive, being aimed at foreign passport holders of Indian origin (except Pakistan and Bangladesh) up to the third rather than fourth generation. It accords cardholders parity with Non Resident Indians in areas such as investment (the only exception being agricultural and plantation properties), domestic airfares, entry fees for national parks/monuments, and entitlement to appear for the All India Pre-Medical Test as well as other professional qualifying examinations. In the field of employment, there are no barriers to employment in the private sector and no work visa is required. Restrictions still exist in the public sector (government jobs are closed to both PIO and OCI cardholders), but there are plans to allow OCI doctors to practice their profession and become faculty members at medical colleges without having to pass the relevant national licensing examinations. Furthermore, the Ministry of Human Resources Development has recently permitted the prestigious Indian Institutes of Technology (IIT's) to hire Persons of Indian Origin (which would include both PIO and OCI cardholders) as permanent faculty. Like the PIO scheme however, the OCI card does not entitle its owners to political rights. Recently, there has been discussion of a plan to merge the OCI and PIO schemes to create one unique card for Persons of Indian Origin, but legislation has yet to be passed in this direction.

In addition to the above two schemes, which have both been very successful amongst overseas Indians (according to the latest MOIA annual report, a total of 1 029 131 individuals of Indian origin have successfully applied for OCI status as of Feb 14 2012), the Ministry of Overseas Indian Affairs has instituted two different programmes aimed at Indian origin youth living abroad in an attempt to cultivate what I term 'emotional citizenship', that is promoting an emotional connection to the mother country. Among these programmes are the 'Know India' (launched in 2004) and 'Study India' (introduced in 2012) schemes, aimed at youth aged 18-26 years, who are selected by Indian missions abroad to participate in three or four week long study sessions in order to get to know their roots and become acquainted with contemporary Indian society. Full hospitality in India is provided by the central government (along with the participating states), as well as 90% (Know India) or 50% (Study India) of the airfare, demonstrating India's increasing financial commitment to engaging its global diaspora, and in particular, to reach out to diaspora youth. Thus far, the Ministry of Overseas Indian Affairs has organised 20 Know India programmes in which 623 overseas youth have participated. A third scholarship programme for diaspora youth was instituted in 2006, when the government announced that 100 scholarships for diaspora youth (50 for Non Resident Indians and 50 for Persons of Indian Origin) would be awarded each year in order to pursue an undergraduate education in India. In an attempt to demonstrate concern particularly for Indians living in the Gulf countries, it was announced that their children would be eligible to gain places in Indian universities without having to pay the NRI (Non Resident Indian) university fee (which is substantially higher than the resident Indian citizen fee). In addition, one third of the 15% quota for NRI's (Non Resident Indians) at Indian educational institutions will now be reserved for the children of Gulf workers.

Finally, in 2007, the Ministry of Overseas Indian Affairs, in partnership with the Confederation of Indian Industry, created the Overseas Indian Facilitation Centre, which is an ambitious project designed to promote overseas Indian investment in India, establish a diaspora “knowledge network”, and function as a one-stop clearing house for advice and information on all matters relating to investment, establishing a business or returning to live and work in India. Although no figures were available from the OIFC on the business creation that has resulted since its establishment, a total of 12, 451 individuals or businesses have registered on the site, and it has a very active question and answer forum.

China

Having begun its process of economic reforms earlier than India, China has developed a more extensive diaspora engagement policy and institutional apparatus. In 1978, the Overseas Chinese Affairs Office (OCAO) of the State Council was created at the national level, an organ that also exists in every province and municipality. The OCAO is complemented by the Overseas Chinese Mission and the Chinese People's Political Consultative Conference, whose mandates are to conduct research and provide policy recommendations to the government concerning the overseas Chinese population. In 1982, the constitution was amended to recognise the overseas Chinese and returnees as a special group, and in 1990, a law was passed to guarantee the economic interests of the overseas Chinese and to encourage their return through granting them a variety of legal and economic privileges. While India has created three different legal/administrative categories for its overseas population (NRI/OCI/PIO), the Chinese government started in the 1990's to consider the entire Chinese diaspora as one category. Previously, policy had focused primarily on PRC (People's Republic of China) citizens living abroad. While China's nationality law has remained restrictive (based on full or partial *jus sanguinis* and forbidding dual nationality), the Chinese government has made a concerted attempt to embrace all ethnic Chinese, regardless of nationality or date of migration, as part of the Chinese family and hence inextricably tied to the Chinese nation. Its discourse, like that of India's, stresses the importance of ethnic identity and pride in one's heritage. The aims of the Chinese and Indian governments are thus similar: both have sought to expand and deterritorialise the concept of “Chinese” or “Indian” in an attempt to promote their economic and social development. However, the focus of their diaspora policies has differed. Apart from “Roots Seeking” programmes for overseas youth, which China has for over a decade been enthusiastically financing (all domestic expenses of “Seeking China Roots” trips are covered), in order to promote Chinese language and culture abroad, the specifics of their diaspora outreach reflects different national priorities. China has not introduced special visa-free administrative schemes for the overseas Chinese, but rather over the last two decades has aggressively courted the return of its highly-skilled diaspora through a variety of employment and scholarship programmes. China's massive brain drain (it is estimated that nearly 2 million Chinese students have gone overseas since the late 1970's), combined with its rapidly aging population (by the year 2050 a third of China's population will be over 60), has encouraged the government to introduce extraordinary measures in order to tempt its knowledge diaspora back. China's flagship programme for attracting overseas talent is known as “1000 Talents”, launched in 2008 in collaboration with governments at the provincial level, who provide half of the salary. This programme offers high-level academic positions to senior Chinese scholars with PhD's earned overseas at salaries up to 20 times higher than what local faculty make. In large cities such as Shanghai and Beijing, annual salaries reach 1, 000, 000 RMB or 121, 000 Euros annually (in comparison with around 200, 000 RMB or 24 000 Euros for locals), enhanced by a one-time relocation payment of 1, 000, 000 RMB, generous research funding, a living allowance, social security benefits and access to prestigious university-affiliated primary/secondary schools for their children. Thus far, 2, 263 Chinese scientists and other academics have returned under this programme, although not without provoking local resentment at their much superior living and working conditions. A second strand of the 1000 Talents programme seeks to draw innovators (for example patent holders) in specialist engineering and high technology sectors who will create companies or jobs in China. Their salaries are even higher, at 3, 000, 000 RMB per year (363 330 Euros). The emphasis on return and serving *zuguo* or the mother country is emphasised across the

board: a condition of national PhD scholarships granted to Chinese nationals for study abroad is that they return to China after the completion of their studies for a minimum of two years. There are also policies and special benefits on offer for those who do not occupy senior level positions abroad: in 1992, the Ministry of Human Resources created job centres and adopted preferential hiring and housing policies for returnees (for example, it is common for entry-level foreign PhD holders to automatically earn a higher salary than their local counterparts). Finally, China has created an extensive national network of entrepreneurship incubation centres for returnee entrepreneurs, as well as Special Economic Zones with special investment terms for the overseas Chinese business community. Both these investment/innovation infrastructures have been instrumental in promoting both FDI (Foreign Direct Investment) and entrepreneur returnees in China.

Impact

The above policies show that China and India are now keen to exploit as much as possible their global diasporas, particularly their business and knowledge diasporas, in order to promote “brain circulation” and reap investment benefits. Cognisant of the fact that they cannot prevent their citizens from leaving, they are nonetheless determined, particularly in the case of China, to actively court their return, and above all to secure their emotional engagement with the “homeland” from afar. The diaspora policies of India and China demonstrate that 1) although the absolute numbers of their knowledge diasporas may be small in relation to the overall size of the diaspora, their contribution to the domestic economy can be highly disproportionate and 2) in order to attenuate the effects of the brain drain, it is possible for origin countries to promote diaspora engagement employing a variety of modes of ‘flexible’ citizenship that allows their global diasporas to contribute without being resident. China has been successful in tempting its “sea turtles”, as Chinese returnees are known, back home. Thus far more than 2100 academics and high achieving innovators have returned to China thanks to the 1000 Talents programme, exceeding the original target of 2000 individuals. Other scholarship schemes such as the 100 Talents Scheme and the Yangtze River Scholar Scheme have attracted more than 4000 scholars in the past 15 years. China is also a well-known success story in attracting FDI, particularly from the overseas Chinese. In the FDI literature it has been pointed out that China’s FDI figures are inflated due to the “round tripping”⁴ of funds from Hong Kong, Macau and Taiwan, and similarly, that India’s FDI figures are underestimated because of how the Indian government measures FDI (which diverges from the IMF standard). However, even taking into account these differences, the gap between the two countries is still huge (even the most conservative estimates consistently place China as attracting more than twice the amount of net FDI flows). These figures demonstrate that an active diaspora policy must also be accompanied by concerted attempts to improve overall infrastructure and energy supply in order to attract overseas Indian investment. In contrast to FDI, India stands out as a global success story in attracting remittances: it is the number one recipient of remittances in the world, and some of its states, such as Kerala, have a very high remittance-to-GDP ratio. It has also been successful in encouraging Non Resident Indians and Persons of Indian Origin to open savings accounts in India thanks to special bank accounts for both of these categories. In order to strengthen diaspora investment and return, India can consider opening up public sector employment to Persons of Indian Origin, pass the Innovation Universities Bill, which will allow the creation of private “PIO/NRI” universities in India, and accelerate the process of merging the PIO and OCI schemes into one universal, streamlined card for all persons of Indian origin. Finally, on the global stage, the Indian Council for Cultural Relations, which runs Indian Cultural Centres abroad, would do well to expand their number and global reach. India currently has 30 Indian Cultural Centres abroad, in comparison to China’s 282 (and counting) Confucius Institutes. An extensive network of Indian

⁴ Round tripping refers to the process whereby mainland Chinese firms clandestinely transfer funds into Taiwan, Hong Kong and Macau to then re-invest them back into mainland China as “FDI” in order to benefit from the preferential tax and labour conditions afforded to FDI investors.

Cultural Centres (more are needed particularly in North/South America and in continental Europe) can play a key role in promoting Indian languages and cultures to both foreigners and overseas Indians alike. Being visible culturally and linguistically on the global stage is vital to promoting India's 'soft power' and can potentially reach a much greater number of PIO youth than the currently small numbers participating in its "Know India" programmes. Finally, India could do more to expand the efforts of the Overseas Indian Facilitation Centre, creating a sub-national network of such centres; currently some states are relatively deficient in diaspora engagement whereas others, such as Kerala, have developed an extensive diasporic infrastructure of their own. Regional Overseas Indian Facilitation Centres could launch internship programmes in priority areas and business start-up schemes that encourage talented young PIO youth living abroad to bring knowledge and business creation to India.

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