The Returning Indian Diaspora:

Exploratory research on Indian Return Migration Drivers and potential Effects on Firms’ Performance and Country’s Development

Authors: Gaia Agnetti & Genny Tonial
Supervisor: Stefan Jonsson
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**ABSTRACT:** This research investigates the drivers that pushed Returned Non Resident Indians (RNRIIs) to come back to their homeland and their potential contribution, through the knowledge and competences acquired by studying and working abroad, to the Firms that hire them. We used a qualitative method pursued through semi-structured non-standardized interviews with experts of the topic and RNRIIs. Furthermore, in order to have better insights, we looked at the background of the top management of 8 top IT Indian companies and at newspaper coverage. It resulted that RNRIIs come back mainly to be closer to their families and because of a combination of economic decline in the West and booming economy in India, thus leading to a better lifestyle. Moreover, we found indication of the contribution presented to Firms’ by knowledge and skills and gained interesting insights on the future trends of the Diaspora. However, our findings cannot be considered as conclusive, due to the small size of the sample we had access to. The research topic needs further research.

**KEY WORDS:** Diaspora • RNRIIs • knowledge • brain drain • brain gain • brain circulation • networks

**Abbreviations**

- BPO – Business Process Outsourcing
- GDP – Gross Domestic Product
- FDI – Foreign Direct Investment
- LCD – Least Developed Countries
- MOIA – Ministry of Overseas Indian Affairs
- MHA – Ministry of Home Affairs
- MNCs – Multinational Corporations
- NRIs – Non Resident Indians
- OECD – Organization for Economic Co-operation and Development
- OLI – Ownership Location Internalization
- PIOs – Persons of Indian Origin
- RNRIIs – Returned Non Resident Indians
- TiE – The Indus Entrepreneurs
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Gaia Agnetti
Genny Tonial
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1. Introduction

1.1. The Concept of Diaspora

Diasporas (from Greek διασπορά, “scattering, dispersion”) have been defined as “ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin – their homelands” (Sheffer, 1986: 3). Such phenomenon has been studied in various disciplines, business and management included, especially since the end of the 1980s (Brubaker, 2005).

Diasporas, which are often not voluntary, have happened throughout history for a number of different reasons. Such motives can span from a need for imperialistic expansion, e.g. the British Diaspora, to trade development, e.g. the Lebanese Diaspora and to search for better labour opportunities, e.g. the Chinese Diaspora (Ember et al., 2005:XIII). In the case of probably the most well known diaspora in history, i.e. the Jewish Diaspora, the main reason was to escape perilous situations, a so-called “victim” diaspora (Ember et al., 2005: XIII).

1.2. The Returning Diaspora

Ember at al. (2005: XIII) recognizes how recent Diasporas are not a one-way occurrence anymore. A combination of modern communication tools and cheap transportation has surely enhanced the ability of Diaspora communities to maintain their ties to their homelands (Ley, 2009) and even to contribute to their socio-economic and political development (Brinkerhoff, 2012).

According to Brubaker (2005), all Diasporas have a “homeland orientation”, i.e. they see their country of origin as a source of values and identity. Because of this attachment migrants preserve to their home country, it is only natural to conclude that, due to the increased resources available and the economic development of the countries whose communities engaged in migrations, some individuals may decide to return to their homeland.

In recent years India has, as other countries such as China, Taiwan, Korea, West Africa, Turkey, Poland (MIREM Report, 2008; Dai & Liu, 2009; Dustmann & Kirchkamp, 2002; Klagge & Klein, 2010; Saxenian, 2005), definitely witnessed this phenomenon, through the so-called NRIs (Non Resident Indians) returning to their Bhārat Mātā (Mother India).

There are many definitions of NRI, which slightly differ among themselves. Nevertheless, we identified the one provided under FEMA (Foreign Exchange Management Act) to be the most comprehensive:
A NRI is “a person who has gone out of India or who stays outside India, in either case- (a) for or on taking up employment outside India, or (b) for carrying on outside India a business or vocation, or (c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period” (FEMA, 1999, s.2(v)(A)).

As you might have understood from this definition of NRI, the group includes a rather broad type of individuals and similarly does the definition of Returned NRI (RNRI). Therefore, starting from this NRI definition, we narrowed down our definition of RNRI, which is also our first proposition. Thus we propose:

**Proposition 1**: RNRI s are NRI holding tertiary education degrees who went overseas to pursue higher education programs or work experience for an unspecified amount of years, and who later came back to their homeland for an indefinite amount of time.

These returnees may have graduated from western universities, especially British, American and Australian institutions, as well as obtained relevant experience in western companies and, therefore, a better knowledge of the western markets and dynamics. Considering that companies located in India are predominantly concerned with knowledge intensive sectors such as IT (Information Technology) and pharmaceuticals, which are often headquartered in those developed countries where diaspora communities are particularly large, such knowledge may emerge as an advantage to those firms. Therefore, as a result of the returns, we would expect companies located in India to benefit from the intrinsic capabilities these RNRI s have acquired overseas and that was built overtime from studies and personal experience. Because of the tacit nature of this type of knowledge, its holder is scarcely aware of its possession (Nanda and Khanna, 2009), therefore the only way to access it is through the recruitment of these returnees. We would further expect, as a direct consequence of the enhanced firms’ performance, that the whole economy would benefit from it.

1.3. Purpose

As we have already pointed out, throughout the centuries there have been many Diasporas of people leaving their homeland. Such events have been the topic of several studies in multiple disciplines, especially in the historic and anthropologic context. The phenomenon of the returning Diaspora is, on the other hand, a much more understudied subject as it is a relatively recent event, except to some extent in the countries we mentioned earlier, with Taiwan, China and West Africa being the most comprehensive.
As far as the Indian Returning Diaspora is concerned, research specifically addressing this issue was difficult to find. Binod Khadria reports the phenomenon (Khadria, 2001), but the only study we could find after extensive review of the literature that effectively researches the occurrence and its implications was Chacko (2007), which we will present later on. Nevertheless, we can say that the aforementioned only addresses the cases of Bangalore and Hyderabad. Therefore, we realized that there is still much information to uncover in order to understand the phenomenon of Indian return migration and its possible implications. Seeking to (partially) cover this gap, the aim of our study is to investigate the drivers that pushed RNRIs to return to their homeland and to what extent they can enhance the performance of the firms that hired them, through the knowledge and competences they acquired while studying and working abroad.

1.4. Structure

The research is structured in different chapters, each one illustrating a particular step of our research process and its findings. Section 2 illustrates the previous studies conducted on the diasporas’ impacts. Section 3 shows the way the empirical research has been conducted. Section 4 presents the results of the data collection and its analysis. Section 5 draws our conclusions according to our findings and presents suggestions for future research. All the transcripts of the recorded interviews with the experts follow in the Appendices (section 7) to enable the reader to have a full view of the experts’ opinions.

2. Overview of the Indian Diaspora Phenomenon

2.1. India’s Diaspora in Snapshots

Throughout the centuries, India has experienced several outward migration flows. These occurrences, with destinations that changed over time, are what the Indian Diaspora consists of. Indeed, before 1947, year of the Indian Independence from the British Empire, these flows were oriented toward the peripheral areas of the British colonies because the connections with the British empire made it easier to find a job in such countries. From 1947 onwards, on the other hand, as the British Empire started vanishing and the Indians felt more free to move elsewhere, they shifted toward the metropolitan areas, firstly of the UK, and then slowly of the USA, Canada, Australia and New Zealand. The preference toward such countries is easily understandable. They are, in fact, all English-speaking countries, thus making the settlement easier for Indians, the majority of whom is fluent in the English language or at least has some rudiment of it (Khadria, 2009b; Khanna, 2011).
2.2. The Protagonists of the Indian Diaspora

The migration flows were driven by different motivations, therefore the members of the diaspora have diverse characteristics and skills. We can divide the diaspora into three main groups of people: the unskilled or semi-skilled workers who primarily migrated towards the Oil-rich countries of the Middle East and the Eastern Countries of Europe; the highly-skilled professionals; and the students, also known as “semi-finished human capital” (Majumdar, 1994 in Khadria, 2009b: 119) which primarily migrated towards the US, UK, Canada, Australia, New Zealand and Northern Europe, where the best educational institutions and high-achieving MNCs are located. Despite the different levels of skills and destinations, each group was moved by the search for better opportunities than those available in India (Khadria 2009b). The latter two groups are the main focus of this paper.

2.3. Indian Government Approach toward the Diaspora

Over the years the Indian government has been rather inattentive to its Diaspora. In fact, it seems it has realized the potential influence the diaspora may bring to the development of the Indian economy only in the last few decades (Khanna, 2011: 181-185).

The achievement of the independence from the UK strengthened India’s anti-imperialism feelings. This hostile attitude was not only directed towards the British, but it also spread to the Indians who left their homeland in the search for better opportunities, the NRIs (Non Resident Indians). As manifestation of this mind-set, NRIs were sarcastically nicknamed “Never Returning Indians” and “Not Required Indians”, thus enhancing the migrants’ perception of not being welcomed in their home country (Khanna, 2011: 181).

In 1991 the Government initiated the liberalization of the Indian economy, opening the market to international trade and introducing privatization (Balasubramanyam & Forsans, 2010), showing to the World and to the Diaspora a shift of trend. The liberalization represented a very important step for the development of the country’s economy as “Diasporas have little impact on their home countries as long as their economies remain closed” (Agrawal, Kapur and McHale, 2008: 20).

On January 9, 2002 India celebrated for the first time the newly established Pravasi Bharatiya Divas (Overseas Indians’ Day). The day was chosen in honour of the most important NRI to ever return to India: Mohandas Karamchand Gandhi, known as Mahatma Gandhi and father of the Nation who came back on January 9, 1915 (Khanna, 2011: 167). Through this initiative the Government wanted to “bring the expertise and knowledge of the overseas Indians on a common platform and integrate it with the country’s development process” (Khadria, 2009b: 4).
Furthermore, in 2004, the Indian Government established the MOIA (Ministry of Overseas Indians’ Affairs), which was given the mission of “promoting, nurturing and sustaining a mutually beneficial and symbiotic relationship between India and overseas Indians” (Khadria, 2009b: 4). On the same note, it instituted the “overseas citizenship of India” for those who held foreign citizenship but had been citizens of India after its independence from the British Empire was declared (Chacko, 2007). According to Indian law one cannot hold double citizenship, but with this method NRIs and PIOs could gain similar rights as those with a real citizenship, “except for the right to vote, to stand for public office and to purchase agricultural land” (Chacko, 2007: 134).

All these measures were taken due to the growing size of the Indian Diaspora and to the policymakers’ much awaited realization of the importance of the Diaspora to the country’s development. Today “the Diaspora’s annual income is about $160 billion, a third of India’s GDP”, with a consistent portion of it originated in the Silicon Valley, where there are approximately three hundred thousand Indians (Khanna, 2011: 168).

Policymaking’s significance to a fruitful development of the advantages diasporans may bring along is further emphasized by Kapur (2004). According to him the accessibility of the flow of ideas embedded in the Diaspora, or in the ‘returning Diaspora’, depends on two factors: “(1) the institutional configurations of the “home” country, and their relative receptivity to accepting new ideas and returning human capital; and (2) the willingness of individuals to return home on a more or less permanent basis” (Kapur, 2004: 372).

2.4. Why do they come back?

Khadria (2001), reporting the phenomenon of Indian return migration, claims that many returnees, in particular the short-term diploma holders in IT, have been triggered by the “large-scale layoff of dotcom professionals in the US” (Khadria, 2001: 57). Furthermore, Khadria (2009a) argues that due to American recession, “hordes of NRI professionals lost their H-1B visa” (a special visa released to highly-skilled professionals with a validity of 3 years plus a 3 year extension, at the end of which the individual may apply for a green card) “and they were forced to return home to an uncertain career in India”. (Khadria, 2009a: 40).

Chacko (2007) which, as we have already anticipated, was the only study we could find in our literature search that specifically addressed the issue of Indian return migration, argues, through 15 interviews with returnees from the U.S. to Bangalore and Hyderabad, that opportunities for job

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1 By the term “dotcom” we hereby refer to all those firms dealing with Information Technology and in particular all those companies who carry out their main business through the Internet.
advancement, a need to return to their roots and a lifestyle that allowed more time with family along with similar salaries in terms of purchasing power to those in the U.S. were the main factors influencing the decision to return (Chacko, 2007). Furthermore, some seemed concerned about 9/11 security drawbacks, as people of Indian origins were often mistaken for Arabs and discriminated against (Chacko, 2007).

In order to have a more comprehensive view of what drivers matter in the decision to return we decided to also look at other studies on returning Diasporas. However, being Chacko (2007) the only one addressing India, the other research we found considers the returning Diasporas of other countries, thus being less appropriate in supporting our research. In any case, the research on the topic always takes into account highly skilled individuals that, even though coming from different countries, may have similar reasons for coming back, especially because their migration goes from developed to developing Asian economies.

In particular, Iredale and Guo (2001) studied the return migration patterns of Taiwanese, Chinese and Bangladeshi people from Australia and identified the main factors that had driven the decision of these migrants to come back to their home country.

As far as the Taiwanese returnees are concerned, the respondents of the study mainly pointed out economic factors, such as better opportunities in employment and business, and family/social ties, since they all had maintained personal contacts in Taiwan (Iredale and Guo, 2001). These drivers hardly differ from those pointed out by Indian returnees in Chacko (2007).

Considering the case of China, on the other hand, interviewees again underlined the importance of family/social ties and better job opportunities or, more precisely, the lack of advancement opportunities in their job in Australia (Iredale and Guo, 2001). Interestingly enough, nevertheless, governmental policies and programs seemed to have had a particularly relevant weight in the decision of these people to return to their home country (Iredale and Guo, 2001), further emphasizing the importance of governmental policies to returnees. Unfortunately, India and China are not quite on the same level when it comes to positive policies for returnees, with China being renowned for its openness to return migrants and India being still at its initial stages (Khanna, 2011:178-182). This motivation, therefore, would be difficult to apply to RNRIs.

In the case of Bangladesh, again, the downward spiral of the Australian economy and consequently the difficulty of these migrants to fruitfully use the possessed skills in this context was the main motivator for their decision to return (Iredale and Guo, 2001).
From these studies we gain that more exciting job opportunities and social ties, such as family connections, are the most important drivers for the decision of immigrants to come back to their roots. Thus, we propose:

**Proposition 2:** The main drivers for the return of RNRIs are the need to be closer to their families and a combination of economic decline in the West and booming economy in India, thus leading to a better lifestyle.

2.5. From Brain Drain to Brain Circulation. How a Negative Phenomenon turned out to have Positive Consequences

The highly skilled professionals and the “semi-finished human capital”, i.e. students, both of whom make up for a portion of the Indian Diaspora, are considered individuals with high-human capital. The concept of “human capital” refers to the stock of competencies and knowledge matured by an individual through education and experience (Dae-Bong, 2009).

The movement of these individuals from low-income countries or Least Developed Countries (LDCs) to higher income countries, members of the Organization for Economic Co-operation and Development (OECDs), has been classified as “brain drain” (Kapur, 2001). Such phenomenon and the way it affects the development of the country of origin have been broadly studied (Grubel and Scott, 1966; Bhagwati and Hamada, 1974; Stark, Helmenstein and Prskawetz, 1997; Docquier and Marfouk, 2005; Dumont and Lemaitre, 2005; Kapur 2001; Kapur 2004), but the issue has mostly been framed in two ways. The first is connected to the loss the emigration of skilled workers brings to a poor country, thus enlarging the already existing inequality between developed and developing countries (Saxenian, 2005). Nevertheless, what we seek to explore in this paper is more related to the second view of the phenomenon, the extent to which this “brain drain”, the outward movement of the best talents, can constitute an advantage for the country of origin the moment it creates a “brain bank”, a pool of knowledge located abroad whose holders are willing to circulate (Agrawal, Kapur and McHale 2008).

Institutions, be it manufacturing firms, health, educational and policymaking institutions, could use this “bank” to generate a “brain gain”, by drawing talents as well as knowledge and transferring it back to their homeland in order to enhance its development. Furthermore, by having this “bank” settled abroad, the homeland could avoid the risk of having a “stagnant pool” (Agrawal, Kapur and McHale 2008). This concept refers to the threat of limiting the competencies of these talents by keeping them away from an international exposure and a dynamic intellectual dialogue (Agrawal, Kapur and McHale 2008).
In any case, this gain would be accessible only if policymakers can prove capable of implementing policies that improve the return rates of these talents, either on a temporary or permanent basis, thus creating a “circulating pool” of knowledge and talents (Agrawal, Kapur and McHale 2008).

2.6. The Importance of Knowledge

As we have already pointed out, the interest for the topic we are treating comes from the idea that RNRIs may return to India with relevant knowledge and skills honed abroad through studies and work experience. We therefore need to clarify why knowledge is such an important asset for companies and in a broader sense for the development of economies.

In fact, knowledge and its importance for the development of firms and economies have been widely evoked in literature (Klagge and Klein, 2009). As a consequence, a knowledge-based view (KBV) of the firm, which argues for the knowledge’s role as the most important among the firm’s strategic resources and the best source of sustainable competitive advantages (Liu, 2010) has emerged.

The Knowledge-based view’s prime reason for the importance given to knowledge resides in its own nature. In particular, knowledge has been divided into two types: explicit and tacit knowledge. According to Grant (1996), explicit knowledge’s most essential aspect is the ease with which it can be communicated. It can, therefore, be easily acquired and transferred between individuals as it normally consists of information and facts (Kogut and Zander, 1992) or technical knowledge, e.g. design, processes, laws (Klagge and Klein, 2009). Tacit knowledge, on the other hand, has often been classified as “know-how” (Grant, 1996; Kogut and Zander, 1992) and consists of the skills and competences that individuals acquire through experience, like managerial knowledge and communication skills (Klagge and Klein, 2009). Due to its intrinsic nature, meaning that it is embedded in individuals (Song et al., 2003), its main characteristic is that it cannot be easily transferred to others as it is disclosed only through application and practice (Grant, 1996).

Similarly to Klagge and Klein (2009), which studies highly skilled Polish return migration, we argue that returnees possess both types of knowledge, which would affect the development of indigenous firms upon their return.

The reasons why knowledge can affect development are manifold. According to Kale (2009), knowledge is a key resource in our globalized and fast changing world as it enables firms to develop technologies and processes to successfully survive the environment. If we take an International Business (IB) perspective, on the other hand, we can argue that the aforementioned
kinds of knowledge, when incorporated into a firm, can constitute an ownership advantage to firms. This concept refers to the much cited OLI framework of J. Dunning on the factors that help companies internationalize. An ownership advantage can be represented by technology, managerial skills and intangible assets (Liu et al., 2010), all aspects considered in the broader term of “knowledge”. Hence we propose:

**Proposition 3**: The RNRIs, through their knowledge and skills acquired overseas, are going to enhance the performance of the Indian firms and consequentially the growth of the Indian economy.

On the aspect of knowledge transfer and consequent development, Wei and Balasubramanyam (2006), by building on J.N. Bhagwati’s literature on diaspora communities, propose a model for the transfer and diffusion, or “contamination”, of technology owing to the personal contacts of diasporans with their homeland. According to the authors, this “technology virus” is, e.g. in the case of the IT sector and Silicon Valley, carried from the US by the diaspora and diffused in the homeland’s firms. Such “virus” was caught “through work and learning-by-doing” (Wei and Balasubramanyam, 2006) in American companies. This case is very much aligned with the returning diaspora, since the “contagion effect” is admittedly stronger with personal contact. The authors recognize the increasing number of skilled workers going back to their country of origin as a factor that shaped such model (Wei and Balasubramanyam, 2006).

2.7. Diaspora Networks

Another aspect that is often connected with Diaspora communities is that of networks. Many studies have been conducted about the positive effects that Diasporas’ networks have on the development of the home economy. In this regard, Gould (1994) claims that immigrant links influence bilateral trade by bringing with them the preference for home-country products, the knowledge of the foreign market and contacts that can lower the transaction costs of trade. On a similar trend, Rauch argues that “networks can be used to transmit information about current opportunities for profitable international trade or investment” (Rauch, 2001:1184). Moreover, Hanson and Spilimbergo (1999), analysing the Mexican context, claim the importance of migrants in supporting the family members at home. It is natural, therefore, to assume that the Indian Returning Diaspora would benefit from such facilitation.

Networks have been considered essential to the creation of linkages between the country of origin and its Diaspora. According to Kapur (2001) they provide access to both informational and financial resources, affecting the flow of information and shaping content and credibility. An example of the efficiency of such networks is given by the successful association called The Indus
Entrepreneurs (TiE), formed by Indian IT Entrepreneurs who assumed a mentoring role in regards to the new generation of entrepreneurs who want to settle start-ups either in India, in the US or elsewhere. From its foundation in 1992 the network spread to many countries, enlarging its beneficial effects. Kapur (2001) also argues that LDCs institutions suffer from reputational deficiencies due to the common biases of the OECDs who believe that LDCs institutions are not reliable simply because of the country where they are located. This reputation issue could be countered by the mediation of the diaspora network. An example is the success of the Indian professionals in the Silicon Valley, which contributed to improving the image that India projects abroad (Kapur, 2001). Therefore, we propose:

**Proposition 4:** Diaspora networks play an important role in the development of both Indian firms and economy.

Furthermore, the potential of India’s Diaspora network on development is confirmed by a survey conducted in 2003 by Devesh Kapur on 200,000 Indian households showing that the probability of having family members abroad increases with the socio-economic status (Kapur, 2004). He found that nearly a quarter of Indian households, those in the highest socio-economic classification, have immediate or extended family members abroad (Kapur, 2004) thus creating a large basket of talents that could be of an even further contribution will they ever decide to return back to India.

### 2.8. The Impact of Returning Diasporas

As we have already pointed out, studies that specifically address the Indian returning Diaspora and its impact have been difficult to find. Kapur (2004), nevertheless, gives anecdotal evidence of the impact returnees may have had on India. The author provides a broad list of Indian returnees who have covered a significant role in the policymaking of India, both pre and post independence. Some of these returnees are very well known even on an international scale: Mohandas Karamchand Gandhi returned to India after having studied in England and having worked in South Africa; Jawaharlal Nehru studied in Cambridge; Jamsetji Nusserwanji Tata gained experience in China and England; Manmohan Singh, the current Prime Minister, studied in Oxford and the list continues. Kapur argues that the aforementioned individuals own their international exposure and consequent enrichment of their insights for “the lack of insularity in their thinking [which] enabled them to see India’s problems in a broader perspective” (Kapur, 2004: 374). The benefits of such mind-set are mirrored in the policies they promoted. Acharya (2003) cited in Kapur (2004) claims that these returnees are professionals who have gone through a double rigorous recruitment screening, both on a national and international level, thus supporting our assumption of them being highly skilled and
more talented due to their international exposure than those who remained in India in the “stagnant pool”. This optimistic way to look at highly skilled Indians with foreign exposure is in line with our 3rd proposition, of them having the potential to positively influence India’s development.

Chacko (2007), on the other hand, argues that the returnees embody the knowledge, expertise and global networks that are so often connected to the general phenomenon of outward Diaspora. More importantly, they bring along an “international sensibility” that has the power to manipulate the place where they live and work. They can influence infrastructure development, as well as foster education and awareness of civic issues (Chacko, 2007). Of course the examined case only looks at the cities of Bangalore and Hyderabad, two Indian “High-Tech” cities (Chacko, 2007) for this reason we have to be cautious in generalizing his findings.

Saxenian (2005), studying the case of the Silicon Valley engineers, claims that such U.S.-educated skilled workers have the ability to transfer new technologies and market information to peripheral economies, and even “help jump-start local entrepreneurship”. Furthermore, if we look more closely at the case of India, the author argues that the transformation of the “brain drain” into a “brain circulation” with the overseas community in the Silicon Valley has been a relevant factor to attract foreign investment (Saxenian, 2005).

On another note, Kale (2009) argues for the importance of this “reverse brain-drain” for the technological and innovative development of the Indian pharmaceutical industry. He shows how return migration is a way for emerging economies’ firms to access “tacit knowledge” (Kale, 2009). This is again very much related to our 3rd Proposition and how we believe returnees can enhance indigenous firms’ performance.

The contributions returnees may have on the homeland’s development have also been studied for other returning Diasporas, like the Chinese and Taiwanese. Considering that studies on the Indian returning Diaspora are not as easily found, we also included their findings as they may shed more light on what role the returning Diaspora may have on India’s development.

In reality, the Taiwanese returning Diaspora’s impact on the economic development of the country has been widely recognized (Iredale and Guo, 2001). Returnees’ skills and knowledge, as well as their international networks, have helped the development of businesses and have had an impact on both regional and national development (Iredale and Guo, 2001). Of course, Taiwan is a much smaller and consequently less diverse state in comparison to India. Nevertheless, the Taiwanese case serves our purpose well in pointing out the influence returnees have had on the development of the Asia Pacific region.
If we look at the case of China, on the other hand, Dai & Liu (2009), basing their reasoning on the knowledge-based view and social capital theories, show that SMEs (small and medium enterprises) of returning entrepreneurs in China in the high-technological industries perform better than those owned by local entrepreneurs. The two authors define the returning entrepreneurs as the “scientists and engineers, or students who were trained or studied/worked in OECD countries, and returned to their native countries to become returnee entrepreneurs by setting up new ventures” (Saxenian, 2005 in Dai & Liu, 2009: 373). This definition differs from ours only in the sense that it references an entrepreneurial factor. The authors justify this successful performance with the returnees’ technological and commercial knowledge, which is further sustained by the international entrepreneurial orientation that has been acquired abroad. Additionally, while abroad, returnees also created international networks, which can further determine the success of the firm performance (Dai & Liu, 2009) as proposed in our 4th Proposition.

If we extend this reasoning to the RNRIs’ case we can assume, because of the tacit nature of knowledge, that those firms which are not founded by a returning entrepreneur and want to access such knowledge to improve the firm performance, could do so by hiring individuals who own it, i.e. by adopting a strategy of learning-by-hiring (Song et al., 2003). These individuals do not necessarily have to be entrepreneurs but could simply be RNRIs who gained such knowledge during the time they spent abroad.

However, this assumption can be criticized as Dai & Liu reasoning is proved valid only for the Chinese case and there is no evidence that the same will apply to the Indian case. Further research in this direction is required.

3. Research Design

3.1. Exploratory Study

As the phenomenon of the Returning Diaspora is quite recent and we have not been able to track any official data, we deemed the choice of an exploratory study, a means of finding out ‘what is happening; to seek new insights; to ask questions and to assess phenomena in a new light’ (Robson 2002: 59 in Saunders et al., 2011: 139), the only way to gain understanding of such occurrence. The decision of using such an approach has its limitations. While it offers extreme flexibility, its outcome may simply be that the study is not worth pursuing (Saunders et al., 2011: 139).

A choice we could have made to carry out our exploratory study could have been that of pursuing a case study (Saunders et al., 2011: 144). Unfortunately, as we did not have any favourable access to any specific organization, we chose not to pursue it as we risked, due to the lack of time,
connections and data, to end up in a stagnant situation due to not receiving any relevant information. We therefore concluded that it would have been more appropriate to initiate the study observing the phenomenon through different lenses, meaning the perception and opinion of experts, the object of our study (the RNRIs) and of media channels, leaving space to other researchers to deeply explore the organizational level in the future.

3.2. Research Approach

Our approach to this study could not be labelled as purely deductive as it also combines elements of the inductive approach. We started framing the context of the Indian Returning Diaspora through the literature, and continued with the collection of data through different sources that could either confirm or deny it, as the deductive approach demands (Saunders et al., 2011: 125).

Nevertheless, due to the lack of official quantitative data and to the nature of our data collection, the data we collected is of the qualitative kind, i.e. predominantly non-numerical, and the research structure is rather flexible due to its exploratory nature, two aspects generally associated with induction (Saunders et al., 2011: 127). As a result, we started with a number of propositions that we wanted to investigate but when some other propositions emerged from our findings, we readjusted our trajectory towards the findings’ direction.

3.3. Data Collection

In order to provide more valid and reliable results and ‘to be sure that the data were telling us what we thought they were telling us’ (Saunders et al., 2011: 146) we chose to triangulate the research through the use of different sources. Three types of sources have been used to accomplish this task: three Professors of reputed Universities who, as it will be illustrated further on, could be considered experts; five RNRIs; and several newspaper articles. Lastly, in order to have better insights on the influence that foreign education could have in the achievement of top management positions, we observed the background of management teams of eight top Indian IT companies.

In accordance to the nature of our study (exploratory) (Saunders et al., 2011: 322) and due to the scarce availability of both quantitative and qualitative data on the return of NRIs, we identified semi-structured, non-standardized interviews as the best strategy to adopt. This is due to the flexibility of the method, that allows changing the structure during the interview session according to the orientation taken by the interviewee and focusing on one topic rather than another, giving us the possibility to understand the RNRIs and the experts’ opinions (Saunders et al., 2011: 320). Moreover, this method is suitable to be analysed qualitatively providing insights on the ‘what’, the
‘how’ and the ‘why’ (Saunders et al., 2011: 321) of the Returning Diaspora dynamics. Starting from a basic list of questions, further queries have been integrated when required, in order to ‘probe’ the answers if we needed the interviewee to elaborate more on the concept (Saunders et al. 2011: 324). Questionnaires, being standardized, could not have provided the needed flexibility, whereas unstructured interviews would have been too broad since, as we have already stated, we started our research with some propositions to test.

3.3.1. Experts

As the returning Diaspora became a consistent phenomenon only in the last few years, the topic has been only partially observed by a restricted number of academics. During the literature research some of the most interesting and pertinent papers were coming from Professors of reputed Universities. Realizing the potential contribution such professors could provide us with; we selected three of them after reading a range of their main publications. Indeed they are authors of papers and books in which, even though not being their main purpose, they exposed the phenomenon of Indian returning to their homeland after having spent years living abroad. We used this extremely worthy material in our literature review. We contacted the Professors by e-mail explaining our research purpose and underlining the important contribution they could give us with their opinions and gained their consent (Saunders et al. 2011: 331).

Furthermore, in order to start building their trust, we attested our knowledge of their published literature. We asked to carry out the interview they were assured of the purpose and we granted them flexibility on the location, method and time for it, leaving the choice of the same to them. They all chose different channels to be interviewed on the basis of their location and what was more suitable with their schedule. Therefore, we conducted face-to-face, over phone and by email interviews. Both the face-to-face and the over phone interviews were audio recorded after the participants gave permission. This gave the interviewer the possibility to concentrate more and give more attention to what was being said, and only take notes on the most important information (Saunders et al., 2011: 339). As the interviewees were academics who also conduct research and are familiar with the method, they gave permission on the audio recording as well as the transcription of the same unconditionally.

Binod Khadria is Professor of Economics and Education, and Chairperson at the Zakir Husain Centre for Educational Studies, School of Social Sciences, Jawaharlal Nehru University, New Delhi. Together with his students and in collaboration with other institutions, he is currently conducting a research in the form of survey that includes the observation of the Returning Diaspora
phenomenon, as he is an expert on migration flows. He was most willing to provide us with his view of the Returning Diaspora and as he was located in the same city, New Delhi, as one of us, he chose to be interviewed face-to-face. The interview lasted one hour.

**Tarun Khanna** is the Jorge Paulo Lemann Professor and Director of South Asia Initiative at Harvard Business School. He is an expert on emerging markets, and wrote extensively on economics and management. Khanna is the author of *Billions of entrepreneurs, How China and India are reshaping their futures and yours* (Harvard Business Review Press, 2011) and, as he himself is a Non Resident Indian who goes back to India two or three times a year, he is more connected to India than other NRIs and is highly aware about the current situation and the country’s internal dynamics. Due to his location in Cambridge, Massachusetts, USA, we could not interview him face to face. Nevertheless, in accordance with his obligations, he opted for having the interview carried out by e-mail, therefore the main basic questions were submitted to him and he accordingly replied to those he reputed more interesting.

**Devesh Kapur** is the Director of the Centre for the Advanced Study of India and Associate Professor of Political Science at Penn, University of Pennsylvania and holds the Madan Lal Sobti Associate Professor for the Study of Contemporary India. As Tarun Khanna, he himself is NRI. He is author and co-author of many publications and researches on the Indian Diaspora phenomenon. Moreover, he told us he is currently conducting research on the phenomenon of Indian return migration, making him have further insights on the phenomenon. Due to his location in Philadelphia, USA, he chose to be interviewed over the phone. The time was arranged according to his choice as well as the time zone. The interview lasted 40 minutes.

### 3.3.2. RNRI

Our initial purpose was to interview RNRI who, upon their return in India, became entrepreneurs. This aim was settled as the literature we consulted especially underline the contribution that can come from entrepreneurs rather than employees. Therefore, we contacted by e-mail, as well as over phone, some associations and networks of Indian entrepreneurs, among which the TiE, i.e. The Indu Entrepreneurs Association, that we believed could grant us access to a good number of returned NRIs. However, after many solicitations and no sign of interest from this association, we turned to our plan B and decided to adopt the snowball sampling (Saunders et al., 2011: 240). Therefore, we got in touch with one RNRI using personal contacts and asked him to provide us with some more contacts. Unfortunately, some of the contacts that were provided did not reply to our e-mails and we managed to interview only five individuals. As this sample method faces the bias of the
identification of respondents with similar background (Saunders et al. 2011: 240), 4 out of 5 respondents were from the IT industry and one from the banking sector but currently working as an independent entrepreneur.

The interviews were conducted over the phone and they averagely lasted 15 minutes. The same basic questions were asked to all the interviewees, even if in some cases the order was different due to the progression of the discussion. Anonymity was granted to all the interviewees before the interviews were conducted in order to make them more comfortable (Saunders et al., 2011: 331) and more willing to provide us with worthy information.

3.3.3. Newspaper coverage

In order to have a more thorough understanding of the phenomenon through the country’s point of view which interviews with academic experts and RNRIs may not always propose, we decided to look at the information newspaper coverage can offer on the matter.

We are aware that such information does not provide the same reliability a journal article can have, nevertheless the impact media has on the public opinion is quite relevant and presenting a positive image of the returnees may also be a way to increase the awareness of the Indian government to the phenomenon. Most importantly, nevertheless, even though the event is quite recent, its consequences cannot be missed for long, especially by those that make a living out of recruiting the right people for the right companies, i.e. recruiting agencies. Considering that obtaining data from them has proven at best an arduous task, the newspaper coverage that has focused on their findings is the only source of data on the matter.

3.3.4. The IT sector

During our interviews with the experts, we were advised to pick a sector in order to narrow down the scope of our research to a certain group of people and collect somewhat systematic data to illustrate our case. We decided to look at the IT sector, since most of our RNRI sample comes from that field and it would therefore be more pertinent to the other data we gathered.

We looked at eight Indian IT companies among the largest ones in the country and explored through their websites the background of their top management in order to discover the number of RNRIs present among them. We delegate a further explanation of the used methodology in the result section, as it is much more understandable by looking at the table with the derived numbers.
3.4. Data Analysis

The choice of collecting qualitative data implies the use of a specific analysis. Indeed, differently from the quantitative data collection, the semi-structured non-standardized interviews generate a complex amount of data. In order to analyse all these data and make them understandable to the reader we summarized and categorized them (Saunders et al., 2011: 482).

Another approach we could have used was that of narrating our results and consequent analysis. Nevertheless, such an approach advocates the preservation of the integrity of the collected data (Saunders et al., 2011: 497). Considering that maintaining the “integrity” of data would have meant too much information thrown at the reader and a somewhat messy presentation of our findings, we judged such an approach to be unsuitable for our purpose.

On the basis of the transcript we produced after the interviews with the experts, of the RNRIs’ answers and of the Newspaper Coverage, we summarized the key concepts and structured them according to categories, which we created. (Saunders et al., 2011: 491). The three types of data sources, namely Experts, RNRIs and Newspapers, have been triangulated and condensed together in each category in order to provide a clear and complete view of each one of them. The findings in the IT sector have been used to provide further explanations to one of the categories we divided our analysis in.

The categories have been derived and named from a combination of the theoretical framework and the data we collected (Saunders et al., 2011: 492). Throughout the analysis the categories have been readjusted in order to mirror the key themes and the patterns of relationship among the data (Saunders et al., 2011: 495). There have been cases where we found interesting data, which were not matching our research purpose, and in that case no category was created and the data was highlighted in the transcript and further research in that direction was suggested.

Since the three experts gave us permission to openly refer them, we decided to code only the 5 RNRIs, as we granted them complete anonymity. Therefore, when necessary, we will refer to them by using the correspondent code. The code is structured according to three indications: RNRI (which obviously refers to the fact they are Returned Non Resident Indians); the letter M/F, which refers to their gender; the number corresponding to the order in which they have been interviewed; and the three letters which refer to the hosting country where they were located before moving back to India. Therefore, they will look like: RNRIM1USA; RNRIF2AUS; RNRIM3USA; RNRIM4USA; RNRIM5SCOT.
4. Analysis of the Results

In this section we are going to compare the findings we gained from the three types of sources, namely experts, RNRI and Newspaper articles, with the propositions we drew from our theory research. In each category hereby presented, we will attempt to test our propositions and when identified, alternative explanations will be provided.

4.1. The Size of the Returning Diaspora

We felt the need to incorporate this section, even though it does not deal specifically with any category, because the first question that we asked ourselves after having chosen our research purpose was: *Which is the size of the Returning Indian Diaspora?*

As we have said throughout the research paper, there is no quantitative data available on the phenomenon. Therefore, we attempted to find some quantitative data through the interviews with the experts. Nevertheless, the results were deluding.

When we asked **Binod Khadria** about the size of the returning diaspora phenomenon, he made it immediately clear that there is no data available on the NRIs who are coming back to India. He argued that this is due to the fact that the phenomenon is recent as *(…) it became prominent only at the turning of the century and because of human rights, people have the freedom of leaving their Country *(…)’* (Binod Khadria, 15th March 2012) as well as entering their Country without being monitored. Therefore, governments collect data on the foreign people who are entering but not on the Indian returnees, as they continue to belong to the Country.

Similarly, when we asked **Devesh Kapur** the same question, he argued that there is no data on the phenomenon for the difficulty of collecting it. He further claimed that the Indian government is unaware of its size as well, since it does not seem concerned with collecting data on the occurrence. Moreover, the methods Kapur can think of, for collecting such data, all carry significant limitations.

To conclude, we can state that as long as the government will not initiate the monitoring of the phenomenon using official tools, there will not be any comprehensive estimates of the entity of the Returning Diaspora.

4.2. The profile of the RNRI

**Proposition 1:** RNRI are NRI holding tertiary education degrees who went overseas to pursue higher education programs or work experience for an unspecified amount of years, and who later came back to their homeland for an indefinite amount of time.
Prior to proceeding with this category a clarification is required. In this category our attention is exclusively on the highly skilled professionals and the semi-finished human capital (the students). Unskilled and semi-skilled migrants are not included in the profile we drew of a RNRI as we wanted to observe the impact individuals who gained knowledge and professional work experience abroad, namely the RNRI, can have upon their return.

According to Kapur’s knowledge of the topic, the phenomenon of the returning Indian Diaspora had two phases: the first included the returnees of the 50s and 60s who came back to get jobs in the public sector of the Indian economy; the second has been happening only in the past decade, with the returnees focusing on the private sector. From this we can gather that returnees are managers and engineers rather than politicians and public administration officials, matching the profile of our 5 RNRI. sol. He further states that there are two types of returnees: one with academic degrees and the other with international work experience, like Proposition 1 argues. Similarly to us, he is excluding the large number of unskilled or semi-skilled workers who come back to India, especially from the oil-rich countries (Khadria, 2009b), thus making the matching of Proposition 1 easier.

In order to advance with our analysis, it is essential to understand where these returnees come from and which destination Countries hosted them. From the literature we learned that the majority of them settled in OECD countries (Kapur, 2001; Khadria, 2009a; Khadria, 2009b, Dai & Liu, 2009). Similarly, we found that 3 out of 5 were located in the USA, suggesting this as the most preferred location, while the remaining two were located in Australia and in Scotland, UK. However, we are aware that there is the possibility that this could be linked to the positive political and economical environment surrounding the USA at the time our 3 respondents migrated as they migrated in 1993, 1994 and 2003, all prior to the great recession of 2008. On the other hand, the one who migrated in 2009 chose to migrate to Australia suggesting that the preference towards the USA could have weakened lately. We further observed that 3 respondents, RNRIM4USA, RNRIM5SCOT, RNRIF2AUS, pursued University programmes over there, this being the initial purpose of their migration.

When we asked about the background of the returnees, Khadria claims that “(...) the first wave in 2001-2002 were diploma holders and they were not volunteers” but they were pushed by the “restrictive regime in terms of migration (…)” (Binod Khadria, 15th March 2012) settled in the US after the 9/11 facts. As a result people started migrating towards UK, Europe, Australia, New Zealand, Singapore, Malaysia where governments understood the opportunities coming along with migrants. The same concept was reported in the Indian Migration Report he wrote for the JNU.
IMDS (Khadria 2009b). On the same line Khanna’s impressions on the profile of the returnees, even though anecdotal, is that they are skilled workers.

Among the sample of RNRIs we interviewed we identified 4 men and 1 woman with an age range going from 24 to 42, all of whom hold tertiary education certificates with 3 out 5 who pursued higher studies in the period they lived abroad, matching Proposition 1. Moreover, 4 out of 5 come from the IT sector, thus making the sector the most affected by the transnationalization of the migrants. The average time spent in the hosting countries was 8.8 years with the extremes being 3 and 14 and the time frame of their return to India 2007-2012. Excluding one participant, who is currently unemployed, all of them are holding high managing positions inside companies in India.

The article Mandal (2011), reporting the findings of the job portal Monster.com on the profile of RNRIs, divides them among those with: 0 to 6 (52%), 6 to 10 (20%) and more than 10 (28%) years of experience. Headhonchos.com, a Delhi-based company, claims that “there is a lot of demand from senior and middle management” (Mandal, 2011) as far as RNRIs’ profile is concerned. According to a research by another recruiting agency, MyHiringClub.com, which surveyed 429 corporate and 710 recruitment consultants, companies will hire these returnees mostly in the IT sector (40%), Banking and Finance (14%), Automobiles (10%) and Telecommunications (10%). Although the numeric findings of these companies may not necessarily be true, it is interesting to note that recruiting agencies are paying particular attention to the phenomenon and are acting to get a better understanding of it through surveys and even dedicated websites.

On the basis of these outcomes we can say that the profile we initially drew in Proposition 1 of the RNRI being a tertiary educated individual who owns international work experience (Chacko, 2007; Kapur, 2001; Kapur, 2004; Khadria, 2009a; Khadria, 2009b) is indicated by our findings.

4.3. Drivers of Return Migration

Proposition 2: The main drivers for the return of RNRIs are the need to be closer to their families, and a combination of economic decline in the West and booming economy in India, thus leading to a better lifestyle.

Most of the findings gained through our research deal with this category. As we will show further on, there are many drivers who led and are still leading NRIs to come back to their homeland. However, some of them are more recurrent than others. Here we will attempt to present the main motivators.
4.3.1. The Economic downturn in the West

Professor Khadria argues that the returning Diaspora phenomenon became prominent due to the 2001-2004 recessions in the United States, which caused many NRIs and PIOs to lose their jobs in the USA and consequently move back to India. On a similar trend, Kapur claims that the “(...) massive downturn in the West, especially in the US (...)” (Devesh Kapur, 4th April 2012), referring also to the 2008 crisis, is of course one major motive for people to return to India. The article Mandal (2011) also points out the economic uncertainty as a decision-driving factor. All this is in line with Chacko (2007), which argues for the decision of IT professionals to return to India because of the downturn of the American economy. Moreover, Iredale and Guo (2001) show how the slump in the Australian economy has been a driver for Taiwanese, Chinese and Bangladeshi returnees.

Furthermore, Khadria claims that, as a result of the recession, many companies initiated the development of BPO (Business Process Outsourcing) services which, in India, were particularly favourable due to the time zone: “(...) because of the difference in timing, 12 hours, when US sleeps, India works and by the time US wakes up it gets all the results”(...). As the BPO phenomenon became fruitful, many companies begun to reposition “(...) their unit operations in developing countries not only in India (...)” so many of the smartest employees of Indian origins “(...) started coming back with the companies and that was also because the companies wanted an Indian face, familiar with the Indian culture and the Indian way of getting the work done (...)” (Binod Khadria, 15th March 2012). Some evidence of these Indians who were sent back to India from their companies emerged also from the small sample of RNRIIs we interviewed. Among them, 3 out of 5, corresponding to the three who currently work for MNCs, RNRIM1USA, RNRIM3USA, RNRIM4USA came back also but not exclusively on the request of the overseas headquarters. Indeed, they claimed that the need of the company matched with their own need to be closer to their families and take their children back to their roots, resulting in a combination of both parties’ needs. Therefore, we cannot state whether the decision to come back was voluntary or not. Further research is needed to understand how much self-motivation lies in the decision to return home of the Diasporas. We can, however, be rather certain that the problems faced by Western economies have been a major driver in the decision of immigrants to return to their ancestral home.

4.3.2. Family

Despite acknowledging the importance of the economic downturn, Khadria claims that the main driver for the returns is the family. This aspect also emerged from our small sample of returnees: 5
out of 5 confirmed the willingness to be closer to their families as one of the main factors that pushed them to come back to India. On this matter Khadria says:

“(…) they would like to stay with the family, parents, grandparents, larger families and all the familiar set up (…)” (Binod Khadria, 15th March 2012).

Media, with Mandal (2011), Kabra (2005) and Goyal (2011), which reports the findings of Heidrick and Struggles (HR company), also lists family as a driver for return.

On the other hand, Kapur does not mention the importance of family and neither does Khanna. Nevertheless, both Chacko (2007) for Indian returnees and Iredale and Guo (2001) for the Taiwanese and Chinese, mention the importance of spending more time with family in the decision making process. Considering the received responses from our RNRI sample and Professor Khadria, we can state that the part of Proposition 2 dealing with family as a driver is identified as one of the most significant driver for the return of NRIs.

4.3.3. Quality of life

According to Khadria NRIs may be returning to India because ““(…) the lifestyle is different here, it is much more comfortable, the purchasing power of the money that they get is much more here and you get household help (…)””(Binod Khadria, 15th March 2012). Furthermore, the article Kabra (2005) also claims that the “promise of an affluent lifestyle” is a motivator for the return of NRIs, while Mandal (2011) and Goyal (2011) mention pay checks granted to returnees as a factor, since they are not so different from the ones NRIs were used to. Chacko (2007) mentions both the importance of pay checks and consequent purchasing power of the returnees as well as the comfortable lifestyle one may have in India due to household help, driver etc…, thus agreeing with the part of Proposition 2 that considers a better lifestyle among the main drivers.

Another aspect, which cannot be classified as a driver but rather as a potential driver is infrastructure. Khadria argues that many Indians left India due to poor infrastructure, thus suggesting the possibility that with an infrastructure improvement returnees may be more likely to come back and stay within the Country. Chacko (2007) claims that cities like Bangalore and Hyderabad, which have made quite some infrastructure investments, are the perfect venues for returnees, as RNRI want the same designs and amenities as the one they were used to. Kapur, on the other hand, claims that the infrastructure in India is “horrible”. However, he argues that young people are more flexible and adapt more easily to difficult situations. He states that ““(…) surely quality of life and things matters, but interestingly enough quality of things matter when, at a
somewhat greater age. (...) So this is why I think you will see more circulation, people come when they are young, they may go back when they are middle age and they might come back when they are old so they can retire and have full service. (...) (Devesh Kapur, 4th April 2012).

Quality of life, therefore, is an aspect that could be further improved by Indian institutions and may, in the future, play a bigger role in the decision of NRIs to return.

4.3.4. Increased opportunities in India

When it comes to the acknowledgement of the Indian situation Khanna argues that the “increased opportunities in India, and greater receptivity of India to its returnees” are determining the phenomenon. He claims that this positive attitude of the government in regards to the returnees is likely to increase the returns because “as more people return, it becomes progressively easier for others to do so as well” (Tarun Khanna, 18th March 2012).

In this regard, Kapur underlines some more reasons for the return of Indians to their home country. First of all, he highlights the similarities between the Indian returning diaspora with the same phenomenon in Taiwan and Korea, stating that “only when you have economic growth, will you then have the financial and economic incentives to go back” (Devesh Kapur, 4th April, 2012). This is in line with Iredale and Guo (2001), which on the Taiwanese case, found that those returning were interested in the growth business prospects. Chacko (2007), on the other hand, reports the willingness of these professionals to take advantage of the opportunities India now has to offer. Media also underlines this factor indicating, in particular, the resilience of the Indian economy, better job opportunities, India’s growing spend on technology and the Indian improved social structure (Mandal, 2011; Semple 2012; Goyal, 2011; Kabra, 2005). Kapur also points out how a few years back, talking with the Director of IIM Bangalore, a good friend of his, he suggested for him to hire young U.S. PhDs to strengthen the academics of the institution, since it was the best time to do so and the institute lacked “good young people with strong academic background”. The Director went on to hire 29 young PhDs from the best U.S. educational institutions, all of them of Indian origin. This is to show that India is ready to offer good opportunities to young people.

4.3.5. Migration policies

The restrictions adopted by the USA in terms of migration policies are also recognized as a factor influencing the returns. In this regards, Khadria claims that the “(...) 9/11 phenomenon in the US brought in restrictive regime in terms of migration and that’s why people started going in the UK, Europe mainland, Australia, New Zealand, Singapore, Malaysia, all these countries started
opening up to compete and to take the opportunity of the restrictive regime in the United States (...)”. (Binod Khadria, 15th March 2012).

According to Kapur another driver of returns has been the difficulties raised in the process to obtain or extend the US H-1B visa that pushed Indians to go back to their home country once its benefits ends.

On the same topic Khadria claims that due to the crisis’ effects, the quotas of the H-1B visa were left unutilized as people refrain from migrating towards the USA. Moreover, he claims that the US raised the visa fees for B and L visa, which were mainly the high skilled visa “(...) because the US wanted to create a fund for the families of the Fire fighters who died in the 9/11 (...)” (Binod Khadria, 15th March 2012) thus refraining even more the individuals who were willing to migrate. Therefore either they do not leave or they go back to India. Chacko (2007) also argues for the relevancy of the more stringent visa requirements demanded by the U.S. in the decision making process.

Having exposed this broad variety of drivers influencing the RNRIs decision to come back to their homeland, it is difficult to say which the main driver is. Rather, it is a combination of all these factors. However, we can state that according to the observations of our sample, even though not statistically relevant due to its small size, the most recurrent drivers are the need to be closer to their families and the search for a better lifestyle, thus matching Proposition 2. A broader survey will need to be conducted to further verify the reliability of such conclusions.

4.4. Impact on Firms’ Performance and Country’s Economy

**Proposition 3**: The RNRIs, through their knowledge and skills acquired overseas, are going to enhance the performance of the Indian firms and consequentially the growth of the Indian economy.

Khadria suggests that this mobility is likely to have “an impact on growth and development of the Country in terms of connections” (Binod Khadria, 15th April 2012) as the availability of human capital and social capital contributed to the creation of networking over the last 10 to 12 years. Nevertheless, the entity of such growth is difficult to quantify, as again there is no data available.

On a similar inclination, Khanna believes these people are “absolutely” going to enhance the internationalization of the Indian firms. Even more, he argues it is already happening just as it has happened in the past to those countries that opened up to their diasporans.
Kapur on his hand, states that the returning diaspora may “facilitate the process (of internationalization), but I don’t think it will be the driver” (Devesh Kapur, 4th April 2012). He goes on to underline how a significant number of the senior and middle management, in Indian firms, is made up by returnees with international exposure or academic degrees from abroad. On this matter, we decided to look for ourselves if it was really the case.

We decided to look at the top management background of some of the biggest Indian companies. In order to narrow down the investigation and to follow the trend assumed by our sample, we concentrated on the IT sector. The following table shows the percentage of RNRI s in the eight largest IT companies in India.

<table>
<thead>
<tr>
<th>Company</th>
<th>Top Management</th>
<th>Foreigners</th>
<th>RNRI s</th>
<th>Percentage RNRI s</th>
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<td>4</td>
<td>4</td>
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<td>6</td>
<td>24.00</td>
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<td>0</td>
<td>2</td>
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<td>25</td>
<td>5</td>
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The “Top Management” column comprises both the Board of Directors and the Executive Committee (if present) to give a better estimate of the RNRI s’ contribution to the top management. In summing up the number of members of each committee, we disregarded those names that appeared more than once. Furthermore, we highlighted the number of foreigners present in each
firm’s boards, as they are not strictly related to our research, but they are part of the senior management and even show the relevancy of having an international background. The percentage of RNRIIs is calculated on the total number of top management.

From the figures that we derived, we can see that the number of RNRIIs present in top management is quite relevant, with the highest percentage in Mphasis (36%) and the lowest in Patni Computer Systems (11.11%). Bearing in mind that to label the RNRIIs we took into consideration only those who received a degree abroad, the percentage could in truth be much higher. In fact, by taking the profiles of the senior managements, it is rather clear that some of its members have had international experiences and were at one point NRIs, but considering that it was difficult to discern such fact with certainty, we decided to look only at foreign degrees, which cannot be mistaken.

In any case, from this data, it is apparent that RNRIIs have quite some power in the management of the major IT Indian companies and have therefore their say in the firms’ development. For instance, many of the cited companies’ higher positions are occupied by RNRIIs. Tata Consultancy Service was founded in 1968 by Jamsetji Nusserwanji Tata, who gained experience in China and England, whereas the current Chairman and Vice Chairman are both RNRIIs. Wipro’s Chairman and Infosys’ founder and CEO are also RNRIIs. And so are Mphasis’ CEO and Tech Mahindra’s Chairman and Vice Chairman.

It is, nevertheless, possible that this trend is connected only to the IT business, as it is, admittedly, among the most developed sectors in the Indian economy. In fact, Saxenian (2005), Chacko (2007) and Nanda & Khanna (2009) underline the high presence of IT professionals among the returnees and their role in the development of the sector.

Continuing with our findings from the experts, Kapur argues that “your ability to succeed in the internationalization may depend on having managers with international exposure, so it will affect how well you internationalize, but not whether you internationalize” (Devesh Kapur, 4th April 2012). This is to say, the returning diasporans may act as an ownership advantage to indigenous firms, like we argued in our literature review. The knowledge and skills acquired abroad, therefore, can be incorporated into the Indian firms, possibly through a process of learning-by-hiring (Song et al., 2003) and help the international development of the same. Just like Wei and Balasubramanyam (2006)’s model proposes, these individuals, after carrying back from Western economies a “technology virus”, “infect” local firms.

Another interesting aspect comes from the newspaper coverage. In fact, we identified a high interest of the recruiting agencies in RNRI professionals. The article Mandal (2011) reports that the online
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recruiter Monster.com created a website specifically designed for returning NRIs called Return2Home, due to a “reverse brain drain” that had caused a surge of 65 percent in the number of NRIs registered on the portal seeking jobs in their homeland in 2010. Other recruiting agencies include MaFoi Randstad, one of the leading HR agencies in India, and the already mentioned MyHiringClub, Headhonchos.com and Heidrick and Struggles (Mandal, 2011; Goyal, 2011). Two conclusions can be drawn from this interest: either agencies recognize returnees as potential assets for companies who hire them, so-called learning-by-hiring (Song et al., 2003), or they are simply interested in the new pool of possible clients this return migration entails. Either we can say that there is indication that Proposition 3 holds for what concerns the knowledge and skills acquired overseas and how these can enhance the performance of Indian firms while we did not find consistent support for its consequential implication on India’s economy. In this regard, Kapur argues that in an “economic sense” it is impossible to show the influence the phenomenon has on the Indian economy. The lack of data definitely has a lot to do with this statement.

4.5. Importance of the Diaspora Networks

Proposition 4: Diaspora networks play an important role in the development of both Indian firms and economy.

About the influence networks have on the internationalization of Indian Firms, Khadria says that they do have an influence through the “phenomenon they call hometown association, found in Mexican migration and in some diaspora cases” and that “only in US and Canada there are thousands of this kind of associations”. Further on, he states that the fact of Indians having home in various countries “(...) has an impact on growth and development of the country in terms of connections, not necessarily only flow of capital into the country but flows of human capital and more than that social capital, networking (...)” (Binod Khadria, 15th March 2012).

When we interrogated the RNRI’s sample about the networks they created overseas with other NRIs, 3 out of 5 declared that they have a good network, but only 2 are currently using such network while one, the only entrepreneur who opened a start-up, RNRIM5SCOT, believes it is going to be useful in the coming months. Interestingly enough the youngest respondent RNRIF2AUS, who claimed to have some integration and acceptance problems, in the hosting Country did not create a network of NRIs but only of local people, suggesting that having a network of people of your same origin could facilitate the life and the comfort in the hosting country.

In this regard the article Semple (2012) claims that it is good for these young entrepreneurs to move to their ancestral homes to “sow American knowledge and skills”, and consequently “acquire
experience overseas and build networks that they can carry back to the United States” (Semple, 2012). It is basically a reverse of Proposition 3 where NRIs can acquire experience overseas and build networks that they can carry back to India.

In any case, our findings on the importance of networks are mixed since, despite Khadria’s statements, they are not particularly supported by our RNRI sample. This is an aspect that would need more factual evidence.

4.6. Future Trends of the Returning Diaspora

Proposition 5: In the future the Returning Indian Diaspora is going to grow but it will have a more and more circular definition.

This proposition emerged more from the findings, as it is not really something we found in the literature search. However, we identified it as extremely interesting especially for future researches and we therefore decided to include it in the analysis.

When asked if he expects the returning diaspora to grow in the future, Khadria says “(...) Yes I think so, but that will again be not one time forever, it will be to and from migration, that’s what I call trans-nationalization. So families will be having different locations and so people will keep coming back and going again (...).” Moreover, he claims that advent of new communication technologies and diminished costs of transportation and travels “(...) people can become much more mobile (...)” (Binod Khadria, 15th March 2012). Ley (2009) argued for the same aspect of increased mobility due to communication and transportation improvements.

On his hand, Khanna, similarly believes that such trend “(...) will continue for some time (...)” as he does not feel we are dealing with a temporary phenomenon “at all”.

When asked whether the phenomenon of the returning diaspora is to be considered temporary or not, Kapur underlines that the economic growth of the Western economies will most likely not exceed the 1 or 2 percent increase in the next decade, whereas the Indian economy, despite its problems, will keep increasing by 6 or 7 percent annually. Considering that “(...) if you have the talent jobs will be easier to get in India than in the West. And that will be the main driver (...)” (Devesh Kapur, 4th April 2012), it is conceivable to think that the phenomenon will continue, even though it is ultimately unpredictable. Further on, he highlights the importance of “brain circulation”, saying that young people, both of Indian and non-Indian origin, go to India to gain exposure and experience and consequently move to other countries after a couple of years. The
article Goyal (2011) reports that global exposure is the most important aspect in the comeback of NRIs.

An interesting insight came from our RNRI sample, where all the members, 5 out of 5, expressed their willingness to re-migrate. Indeed, they all aim to stay in India only for a few years and one of them even for just a few months. After that, they are planning to re-migrate to another western country, not necessarily the same they had experienced. On this matter 3 out of 5 declare that their future shifting to other countries might depend on the request of their headquarters as the 3 of them work for MNCs, which could have the need to relocate them in one of the many offices around the World.

Furthermore, among the findings, we identified the important role played by the infrastructure that, according to Khadria, is going to affect the decision to re-migrate, as the current infrastructure in India are not the least comparable to those NRIs were used to abroad. He brought the example of an organization called RNRI based in Bangalore, where the founder came back to India to take part in India’s development “(...) but many years later I found that this organization has vanished. Many went back because the infrastructures were not good and Indian bureaucracy was so long (...)” (Binod Khadria, 15th March 2012).

These outcomes suggest that the phenomenon of returning migration is going to continue in the years to come but the length of the stay will be short, according to the RNRI responses we can hypothesize an approximate stay of 5 years prior to remigration. Therefore the Returning Diaspora will most likely assume the characters of a circulating Diaspora. “Brain circulation”, then, seems to be the future trend of the Indian Diaspora. According to Saxenian (2005) the circulation of U.S. skilled workers to India has already helped the development of the IT sector and attracted FDI investments. Further, in general we can say that those countries who are capable of tapping into the brain circulation phenomenon can enhance their development (Saxenian, 2005). The Indian returning Diaspora, therefore, is not only a phenomenon that touches and potentially helps India, but also the other countries these RNRIs will decide to move to.

5. Conclusions

In this thesis we explored the drivers and possible contributions of India’s Returning Diaspora to the performance enhancement of firms located in India and consequentially to the Country’s development.
We found that RNRIs come back for a number of different reasons, among which we can highlight family ties and a combination of the economic downturn in the West and a better lifestyle in India. These findings agree with the drivers’ studies on other returning Diasporas have underlined. We can therefore conclude that our results are a rather truthful representation of what aspects the decision-making process of these individuals take into consideration.

The three experts we interviewed agreed unanimously on the positive influence the aforementioned individuals can have on the Country’s development. In particular, when looking at the process of internationalization as a measure of a Country’s economic development, it emerged that the interviewees do believe RNRIs can help the successful venturing abroad of a firm, i.e. act as an ownership advantage.

Since, from our findings, it emerged that many RNRIs are working in India’s best-reputed field, the IT sector (Khadria’s Interview), we searched for further information on the RNRI’s impact on India in this sector. It appears that these returnees have a good chance to achieve top management positions inside IT firms and can therefore influence their success. Nevertheless, considering that we did not research other sectors, that may have a lower international exposure due to the nature of the field, the high presence of RNRIIs in the top management may be a characteristic of only a handful of sectors, possibly the knowledge-intensive ones. Furthermore, it is unclear how much international experiences matter in the recruitment policies of companies, as we could not have access to the results of the recruiting agencies’ surveys. In any case, the aforementioned professionals, from any sector, have been receiving quite some attention from headhunters, making us believe that firms may consider RNRIs as potentially valuable assets.

Another interesting finding from our study is the fact that RNRI seem to be returning on a temporary basis. Indeed, they are willing to re-migrate after a certain amount of years, thus amplifying the phenomenon of “brain circulation”. However, due to the small size of our sample, we cannot exclude the possibility of this hypothesis being denied and rejected from the results of a broader sample. Furthermore, we found that, despite the literature on the role of networks, the research did show only particular evidence of the relevant role played by the Diaspora networks in the settlement of either the whole family or a business start-up of the returnee. This can easily be explained with the lack of entrepreneurs in our sample.

Beside the aforementioned limitations in our study, we believe one to be particularly relevant: the absence of data showing the size of this Diaspora. The mentioned data can be collected only from those institutions designed for the monitoring of the migration flows, the MOIA (Ministry of
Overseas Indian Affairs) and the MHA (Ministry of Home Affairs), on request of the Indian Government. As long as the latter will not push for it, researchers will continue to have an approximate impression of the size of the event, consequentially limiting their ability to understand RNRIs’ economic contribution to India’s development.

Ultimately, we found that there is the need for a broader and deeper study on the topic as there are still many aspects to clarify. Such a research, nevertheless, would require a good amount of time to collect the necessary data, time we did not have in this place. As a result, we are leaving the task to other researchers. Indeed, if the phenomenon of the returning Diaspora is not temporary as the experts said, it could have a significant impact on the Indian economy and the success of firms venturing abroad.

6. References

6.1. Books and Journals


6.2. Online Newspaper Articles and Resources

Foreign Exchange Management Act, 1999, s.2(v)(A). Available at: 


Appendices

7.1. Appendix A: Transcript of Binod Khadria’s interview (15th March 2012)

G: What do you think is the size of the returning diaspora, is it a consistent phenomenon, is it growing or is it shrinking?

K: I think that's the most difficult question to answer, because we have no data. It is such a contemporary and recent phenomenon that the return migration data is not available. There is a reason behind that, that countries collect data for in-migration countries do not collect data for out-migration. Because of human rights people have the freedom to leave the Country, so there is any rigorous collection of data for people who are leaving but people who are entering the Country. But in India with the returning people, first of all it is not clear why they are returning, for how long and whether they are re-migrating. So from that point of view although there is a lot of talk about people coming back but there is not consistent estimate as to what are their numbers, for what duration they are coming, whether they are continuing to stay in this country and for whom are they working. Are they working for NGOs or for MNCs and located here? And it does not matter where they are located they are trans-national people. So whether you would like to call them return-migration or not is a question mark.

Return in what sense if you are thinking in terms of their contribution to growth, maybe yes even if they are working with MNCs, for accounting purpose it will still be part of the GDP (growth domestic product) whatever is produced here, but if you want to compare it with national income of the Country, than you have to go in the economics of the MNCs, in terms of whether their capital is staying in this Country or it is flowing back to the Country where the headquarters are, or it continuously flows in and out. So in that sense it’s very difficult to pinpoint and say this exactly is the contribution to the growth of the Country.

But having said this, if you look at the history of return migration I think the phenomenon became prominent at the turning of the century not before that, and that happen because there was this recession in the United States following the fear about white UK, year 2000 which would create problem with the computers, that large number of PIOs and NRIs, were losing their job in the US, they were given the slip or put on the bench, and this are the people who returned to India with no scope for their engagement here. Around that time what happened was the venture capital phenomenon, you know, they got together some pulling of resources and that led to the phenomenon of business process outsourcing BPO, back office operation and so on.

Particularly with respect to the United States it helps because of the time zone, because of the difference in timing, 12 hours, when US sleeps, India works and by the time US wakes up it gets all the results.

So that cycle was very successful to the extent that later on, (see the initial returnees were diploma holder not degree holder, so they were actually second rank in the educational qualification), but once it became successful than many companies started relocating their units operations in developing countries, not only in India but in many other developing countries, first of labour was cheaper and as a result of that many of the first rank employee of Indian origins also started coming back with the companies and that was also because the companies wanted an Indian face, familiar with the Indian culture and the Indian way of getting the work done. So that way I will not call it out and out a phenomenon of return migration but trans-nationalization of the migrants, so that they were becoming more mobile than they have been previously. So some part of it will be permanent migration, because if you go in the sociological and psychological aspects they would like to stay with the family, parents, grandparents, larger families and all the familiar set up and also the
lifestyle is different here is much more comfortable, the purchasing power of the money that they get is much more here and you get household help, so there is a trade off. I say trans-nationalization because is not immediate that the whole family move, the principal worker move but the family stay on in the developed country, because of the facilities, education or because the spouses and the children are working there so you will find the phenomenon of people having home in various countries rather than relocating themselves in India.

But at the same time I must say that this has an impact on growth and development of the country in terms of connections, not necessarily only flow of capital into the country but flows of human capital and more than that social capital, networking. So that I think is an interesting phenomenon that has initialized over the last 10-12 years. But still if you ask me to put it in terms of figures and numbers is not easy to do that, because we don’t have the numbers, even the 2011 census did not have any provision to collect that kind of data although I did mention to the register at the census office, that this is an opportunity that India should do, but I don’t think it was done. And also you have seen now that many other countries are having their census at 2010, 2011 and so on. This is where I would have loved to see those figures being reflected but unfortunately there is not much information available.

G: Do you think there is any way that we can get some of those data?

K: Through surveys, we have done some surveys. We have a project that is a tripartite project with ourselves that is the International Migration and Diaspora Studies Project at Zakir Husain Centre for Educational Studies, JNU which I am heading, and than there is a second partner in India which is IDS (Institute of Development Studies Kolkata) and there is a Swiss Institution EPFL (École Polytechnique Fédérale de Lausanne) based in Lausanne, and this is funded by the Swiss Network for International Studies (SNIS) and under that, that project, we are in the middle now, it’s a two year project, and we have carried out, that’s also on return migration. We carried out surveys in NCR, Kolkata, Hyderabad, Bangalore, Mumbai and Pune, we still have to process these data because we just finished the surveys. So that’s one way of getting information.

G: And which is the network you used to do the surveys?

K: It was through snowballing, by word of mouth, through email, on line and physical contact so basically our people went on the site they made appointment with those people in advance, in 4 or 5 categories: we have banking and finance, health and medicine, IT and academia.

G: Do you have an idea of who are the returnees? Which is their background?

K: The first wave in 2001-2002 were diploma holder and they were not volunteer. I think whatever happens in Europe is also a reflection of migration towards the US, if you have a hierarchy of countries than that is the final destination not only of Indians but also many Europeans want to migrate to the US and North America. This 9/11 phenomenon in the US brought in restrictive regime in terms of migration and that’s why people started going in the UK, Europe mainland, Australia, New Zealand, Singapore, Malaysia, all these countries started opening up to compete and to take the opportunity of the restrictive regime in the United States.
G: And do they wanted to attract the semi-finished human capital?

K: Yes, by attracting semi-finished capital, term given by my Prof. Tapas Majumder, they could train them up in their final level of education according to the needs of the market in the host country and on top of that they become ambassador of the Country where they studied, because alma mater, universities and institutions where people studied become very important in life, so it’s not only economics, it’s also politics, society, culture and so on that consideration have also been very important to Indians. As a result you also find that the English language as medium of education has the highest level of (…), and also in Europe they are using English as a medium for education to attract not only Indians but students from the South Asian regions, China, Philippines, Sri Lanka, Bangladesh, Pakistan and so on.

G: With the 2008 crisis, is the phenomenon growing?

K: With the crisis everything slow down, getting and renewing green cards, resident permits and those things slowdown so the cues for the conversion of status became longer even the H1B visa, which is the highest category in most soft skills, you will find that fresh Indians were not going, and the quotas were left un-utilized. One reason was the uncertainty, and secondly India also, like China, has been projected to be making good progress on the economic front, although I don’t know how true it is but the hype is there. So it’s not entirely hype I think part of the sectors of the Country have benefited from this although forework is continuous to remain high, but the gap has increased so that the rich have become richer and in that context those people who are highly skilled would like to stay within the country and have the rest of both world, so that helps partially to understand. And than there are many other factors, that US raised the visa fees, B and L visa which were mainly the high skilled visa particularly the health category where intra-company transfer is, because US wanted to create a found for the families of the Fire fighters who died in the 9/11. In fact I think that when Hilary Clinton came this was raised as an issue, why the visa fee should be raised so high for their purpose? So there are many factors, which explain this, and in fact I wrote also that visa fee has become some kind of a driver in terms of controlling or relaxing the flows of people and that at the same time earning revenue. So visa issues are issues where countries do not want to negotiate with each other, that is an area which is not transparent. The results are the outsourcing in India you can see people who do not go and meet the consulate people they being handled by other Indians in the outsourcing agencies.

I think the social capital has been a casualty otherwise if I come to the Swedish embassy and I meet the Swedish people and I have an interaction with them I start knowing them but if I don’t have this opportunity anymore I just go to the outsourcing agency and submit my visa application and come back another day and collect it, than that interaction goes and it just become a business, that’s what it has become.

G: Which are the drivers for the returnees?

K: Family is the main driver. Culture is not such an important factor as in the countries with large size of Indian Diasporas the culture is even stronger than in the home country. Language is a factor; English-speaking countries are place from which Indians won’t like to come back because they are confortable with the English. While in Korea they might be more willing to come back.
G: Do you think that in the future the returning phenomenon will grow?

K: Yes I think so but that will again be not one time forever, it will be TO and FROM migration, that’s what I call trans-nationalization so families will be having different locations and so people will keep coming back and going again, particularly with new technology where you can have video conferencing, skype, telephoni, communications you don’t have to be in the same place and than transportation comes along with communications, travel has become cheaper so people can become much more mobile. So whether you can call it one-way-return I think that’s not the way to describe the phenomenon.

G: Do you think the growth of the Indian Economy and the enhancement of the infrastructure are going to influence the phenomenon?

K: Infrastructures are very important. There are studies conducted on return migration to Bangalore and Taiwan, Taiwanese have continued to stay on in their country but people who went back to Bangalore didn’t stay they went back. When I was writing my book there used to be an organization called RNRI based in Bangalore, they wanted to come back in India to take part in India development but many years later I found that this organization has vanished. Many went back because the infrastructures were not good and Indian bureaucracy was so long.

Assam Association of North America is one of the associations created abroad to strengthen the network in the destination country.

G: Do you think these overseas networks could help the returnees to internationalize the firms for whom they are working?

K: Yes, that is happening, that’s the phenomenon they call hometown association, found in Mexican migration and in some diasporas cases. Only in US and Canada there are thousands of this kind of associations. Like TiE that has its chapter in different countries and cities, and now they are having network in the country of origins.

G: Is the government adopting any strategies to attract the returnees?

K: No, not particularly. But India does have a number of scheme where younger generation can come and find their roots here, the government has also thought about a diaspora university in which PIOs and NRIs can send their children to study back in India. IIT have been facing this problem of brain drain for long time because they are considered to be the best, there has been studies about different location IIT and the estimates of brain drain was about 25-30% and they were the best skilled. But over time you do find that the IIT graduate IIM have wanted to invest their money and start their business in India, but still I will not say that is a one way migration, is more like a circulation. But circulation is not the correct word because I know in the EU, circulation is just “old wine in new bottle” it actually means return migration and they want to give this new term brain circulation or brain gain, which is quite ironical because brain gain was actually the opposite side of brain drain
when it started but when people started to coming back in India they wanted to call it a brain gain but it was actually a compensation of the brain drain, reducing the brain drain. But I think this are some of the connotations you come across in this kind of talk about migration, it’s because countries are not very honest in their policy to each other is more Diplomacy oriented rather than Development oriented. This is why I wrote in some of my writings that what we need perhaps is more of an equitable adversary analysis (Journal Social Policy) so contractor parties look at each other problems from the other side with empathy rather than with the intention to out-smart each other. If that happens than migration policy will be migrant-centric, at the moment migrant is nowhere, it is the sending country and the destination country, they are pulling and pushing. (Push and pull effect: Attraction factors are the pull factors while unemployment and bad living conditions are the push factors.) Push and pull factors are determining the willingness of people to migrate, it does not determine the ability to migrate. The actual operationalization of that willing is driven by the policies.

G: Can you tell me something about the demographic dividends?

K: This is again coming from the census results, it is the census which actually provides the structure of the population, in terms of age group distribution of the population and its projection overtime. So in India in 2001 census it was discovered that India has the youngest population in the world, and it will continue to remain so for the next 30 years. So that the proportion of the working age group population between 15 to 64 will be the largest in India. About 64-65% of the population in India will be in the working group, and that will provide an advantage to the Country because they are not dependent, they are the working people, the children and the holder people are the dependents who do not contribute to the growth of the GDP is the working age workforce who does so; so that is the demographic dividend.

And not only in India it has been projected but in Europe particularly with the blue card and in US with the policies will have by 2020 there will be 57 million shortage of workforce in the world mainly in the developed Country, including China, China also will have a deficit due to the one child policy. And it is said that by that time India will have a surplus of 47 million or plus of workforce, so India will supply a large number of workforce to the world.

G: Do you have any estimates of how much of this will be skilled workers?

K: No that estimates I do not have but mainly it is considered that they will be the highly skilled people, the shortage will be of the skilled people, and in terms of supply to the rest of the World, if you look at the immigration policies of the countries than you will find that the countries policies are selective, in favor of the skilled people and not so much for the unskilled people, against the unskilled people. So the mobility is high for the highly skilled people; of course there is an ILO report which also says that as of now you have unskilled migrants going to the Middle East but by that time Middle East will become developed, its infrastructure will be developed and will no longer want unskilled people will want skilled people. But ILO have said that with climate change and recycling and adjustability it may so happen that in Europe there will be a shortage of unskilled people and so there will may be migration to Europe. Because of the aging of the population unskilled people will be required to do the manual jobs.
7.2. Appendix B: Tarun Khanna’s correspondence (18th March 2012)

Some quick answers below for some questions, not all.
Hope it helps

Also see attached article final version was published as:

Finally read my HBR article paradox of samsung's rise, it is relevant to you.

Tarun

Interview on the Returning Diaspora Phenomenon.

1. What do you think is the size of the returning Diaspora phenomenon?

2. Which are the drivers of the returning Diaspora and in particular of the returnees?

Mostly increased opportunity in India, and greater receptivity of India to its returnees. Also greater familiarity of India with returning outsiders. These such phenomena are subjected to increasing returns, that is, as more people return, it becomes progressively easier for others to do so as well. This will continue for some time.

3. Do you expect such phenomenon to grow in the years to come or are we dealing with a temporary trend?

I don’t think it’s temporary at all.

4. What do you think is the educational and professional level of the returnees?

My impression, anecdotal though, is that most of the returnees are quite skilled. Skills are in scarce supply in a developing fast-growing country like India, so this is perhaps unsurprising.

5. Do you think the returnees could enhance the internationalization of the Indian firms and the
overall Indian economy?

Absolutely. It is already happening. And this is no different from what happened with other countries that are open, or have opened up, to their diasporas.

6. What is the relevancy of the Indian infrastructures to the RNRIs and to the internationalization of the Indian Firms?

Director, South Asia Initiative, Harvard University
Jorge Paulo Lemann Professor, Harvard Business School
Morgan Hall 221, Soldiers Field Road, Boston, MA 02163
Phone: 617 495 6038; Fax 617 495 0355
Winning in Emerging Markets

7.3. Appendix C: Transcript of Devesh Kapur’s interview (4th April 2012)

G: In our thesis we aim to investigate the contribution of the RNRIs to the Indian firms that are hiring them as well as the growth of the Indian economy. As of now we had some difficulties in finding data. I have some questions but first I would like to hear your opinion about the topic, what you know about the RNRIs leaving my questions for later.

K: First of all, in the neat economic sense, it is impossible to show this. What you can, what, you know, I don’t know what the requirements are for your thesis. The only thing that one can conceivably try doing and that too is hard, it’s to pick a sector. So for instance in my book what I’ve done was to create a database of all Indian elites: business elite, political elite, bureaucratic elite, and look at where they’ve studied and see how many had a foreign exposure because obviously they have to have to be returnees if they have studied in Oxford or wherever, right? Now, so follow the things, what you can do is to look at a certain group of people. That group could be a group that is a political elite, that group could be how the R&D things in the pharmaceutical sector are operating, that group could be the exposure of the senior bureaucracy. So you’ll have to narrow it down to illustrate your case. That’s the only way you can actually manage to get any data that is somewhat systematic. So for instance a year ago I did a survey along with the director of IIM Bangalore of all India’s pharmaceutical companies, and we asked them about the hiring practices from outside. And we are doing work with the Indian largest IT companies to see their pattern of recruitment. So in other words you’ll have to pick up something. You can for instance see if you can…where are you from? Italy? Which are the largest Italian companies that have invested in India?

G: Perhaps Finmeccanica that is a state-owned company and is investing in defence.

K: Ah, ok, so they probably don’t have so…one interesting thing you could do for your work, there are roughly about 600 R&D labs of MNCs self in India and there is a paper I think from Rakesh Bhasant professor at IIM Hyderabad and what you could think of is “how are these companies building their R&D lab?”. Because one of the things I am finding, see in the 50s and early 60s, most
Indians went abroad to study came back, but the point of re-entry was the public sector, which was growing, which was developing whether it was the new IITs and so and so forth, it was new universities, R&D sector and so on but they were all in the public sector. Now, and than of course from the mid-60s till about the late 90s most of whom who went, I’m talking of people who went for their higher education, most of them stayed. Then in the last decade you began to see an increase of those returning.

G: Do you know why they are returning?

K: Well, I’ll come back to that. But the re-entry point this time is the private sector not at all the public sector. Right? So the re-entry point is the GE (General Electric) lab in Bangalore, Google, Microsoft. Right? It’s the MNCs R&D labs in India. That is the re-entry point. So if you are interested in talented R&D you can do that. Or if you say, well, I’m going to look at elite higher education institutions, then what you do is just look at the IITs websites and look at the assistant professors and see where they got their degree from. Right? So you can immediately see that if IIT Kanpur have a 200 faculty of which 50 are assistant professors, if only 5 have foreign PhD or if 30 have foreign PhD. Right? That will immediately..., so my advice would be to pick one area reasonably narrow so you can do systematic empirical work. Otherwise, you know, I’ve seen a lot of stuff floating around these numbers, almost all these numbers is nonsense. They are pure estimates.

G: I wish I had this phone call a little bit earlier, because it has been clearing a lot of doubts, but I will try, I will do my best to narrow it down now, even if I don’t have a lot of time.

K: If you had written to me earlier I would have replied earlier. Ok, now the question which you asked was “why are they coming back?”. You can see this from a variety of ways. One is, if you look at the history of South Korea or Taiwan, you have somewhat similar, not identical trajectories, you know people go out, most of the Koreans and the Taiwanese who came to the US to study in the 50s, 60s and 70s didn’t go back. Only from the 80s you can see that they return, because only when you have economic growth will you then have the financial and economic incentives to go back. And the other is, it is thanks to this economic phase that people are now thinking of investing in higher education and R&D. Now, there has been something else of course and that thing is the massive downturn in the West, especially in the US. So a few years ago one of my close friends, so you know India has the IIMs, so one of my closest friends is the Director of IIM Bangalore and when he became, you know, the faculty there, was not you know, very good and they had not really hired good young people with strong academic background in the past decade. So, at that point, we were discussing and then I said “look this is the time you should come and hire in the US, but don’t hire one at a time, hire 20-30 people in one go, because good people come only when other good people come”. It is especially true in university academics, because young people want other young people they can talk to. So he hired 29 US-based, you know, 29 people that lived in the US, you know, very good people with PhD from MIT, Stanford and so on.

G: They were all NRIs?
K: They were all Indian. But what you see is now, because you see, because in the downturn the people who were entering the job market were creating lot of difficulties in the US, everyone froze hiring, right? And that’s the time of course if you have the money, suddenly India does not look all that bad. So, the second source of re-entry back to India has been the H1B visas, which was a massive way to increase the number of Indians that came back to the US. So, those visas normally you get it for 3 years and it extends for another 3 years and in that period you try and get your green card and that became very difficult. So many of those people also came back. So you have two types of people who came back, one with academic degrees and the other were people who were not trained here (in the US), meaning they didn’t study in here but they got work experience here, and frankly at least I know about Europe. So, for instance, I’m still an Indian citizen, I work a lot in international migration and I get lot of invitations for conferences in Europe. I never go, because it has been impossible. I must have, I think I’ve counted, about 40 Shengen visas and so, even after all these years, even if I’m officially invited by the French government or the German government I have to show everything from, you know, my bank account and my travels in the last 12 years, you know, everything. So, I just say screw it. So Europe has put up, it’s easier to get into Europe by declaring yourself to be a terrorist than if you have been invited to a conference by their own universities. So it is no longer the case that in these days if you have talent, it is no longer the case that the only option you have is to go to the West, those days are over but Europe in particular has not realized that.

So with the economic downturn in the US, Europe is like an ostrich with the head in the sand, so people say, ok India is not that bad then. So it’s a lot of things happening within India, and of course around the world, all of these are part of ways of reshaping the landscape.

G: So, do you have any idea of how many Indians have returned back till now?

K: I mean, I’ve been discussing with Ministry of Overseas Indians Affairs. You see, in principle, if they knew how to do any work, there are ways to do it. For instance, if you go to the airlines and you ask them how many one-way tickets they’ve issued, because most people who are buying a one-way ticket to India are people who are returning. So in principle that should be possible, but then, you know, getting that data is not easy. The other is, if one goes to the US Embassy and ask them how many people have surrendered their green card.

G: What do you mean?

K: So, what happens is that for instance I am a resident alien in the US. I’m a permanent resident but I am not a US citizen and if I move back to India then the card I get to be a permanent resident it expires if I don’t stay in the US, if I’m outside the US for more than 1 year. And at that point what you do is, you have to surrender that card to the US especially if you intend to again travel. But one main problem with this is that it will not capture in a large number of people that move back and forth through the H1B visa and to an increasing extent the L visa which is the business visa. The best source of data, what we’re trying to do, is to work with Nasscom, to try and do a survey of their companies, of their member companies, but I fear that would take at least 6 months. So when is your thesis due?

G: By the 25th of May. And we have the delivery of the full draft by the 3rd of May.
K: Ah, you know, I work much more slowly. I mean, if you do this type of work you really need frankly to get, you know, it took me 6 years to create a database, I did a sample of 200,000 households. Create a sample of half a million households in the US, and all of that takes years. Good data on international migration, on the sort of questions you are interested in, at a country-wide level is very difficult.

G: What we wanted to do is an exploratory research. What do you think?

K: Yeah, that’s why I think if you pick something narrow. For instance if you say “has elite Indian higher education institutions gained from a return brain drain?” And then you say, I define elite as two types of institutions, I’m gonna look at the IITs and the IIMs. Or only IITs, or only IIMs, depending on the time you have. That you can do by your deadlines. Because now you can just go on the websites, look at the faculties, see how many of the young guys have got a PhD from the outside, see the fraction and you get a straight away fact. But anything more than that it would simply not be precise, it will be hand-waving.

G: So you said that there are two kinds of returning, one is academic and one is people who studied in India and then they went back for work experience.

K: Yeah, I mean, I’m excluding the very large number that goes as labour in the Middle East. I am looking only at people with higher education.

G: Yeah, we are excluding that as well. Because we assume that their influence on the economy is less.

K: You look only at people with higher education.

G: So, all this people have tertiary education, right?

K: Yeah.

G: And then, do you expect the phenomenon will grow in the years to come? Or it will shrink?

K: Well, you’ve been in India for how long?

G: Two years and a half, before starting my Master. And now I’m back since one month.

K: Ok, so you know, it’s unpredictable. It’s really around two big, central questions “Will the West, the economic future of the West, will it be low growth? 1 to 2% in the next decade? And will India grow at 6-7%?” My sense is that both are true, I don’t think that Europe or the US will grow at anything more than 1.5-2% and India with all its incredible problems will always manage to grow at 6.5-7%. Which means that if you have the talent jobs will be easier to get in India than in the West. And that will be the main driver.
G: Do you think that the returning that come back, face any problems being back in India after having experienced the life in the Western countries?

K: Sure sure. I mean, usually it depends how long you’ve been outside. So, for instance, if you go outside and you go back immediately after your degree, than it’s not a problem. The main problem occurs at two levels. If your children have been born here (US) and grown up here, than going back becomes much harder, because for them to readjust. So that’s one. The second, which used to be more important 10-15 years ago and in my work I found that women were more reluctant to go back than men. It’s because once they came here they experienced much greater freedom. And going back as the wife, you know, in the Indian system you have all the family duties for the in-laws and relatives and all of that stuff. But if you’re here, then you’re free, right? So, but I think that is beginning to change because metropolitan India, Bangalore, Bombay, Delhi etc, in some ways are becoming like the West, meaning people, no one has time for family and things like that, people live fairly autonomous lives. I’m not saying it’s not an issue, but it is less of an issue than it used to be.

G: Do you see the benefit of these NRIs coming back? Do you think they are going to enhance the internationalization or do you think their contribution will be less?

K: The thing is, the internationalization of what?

G: Indian firms.

K: I think it will facilitate the process, but I don’t think it will be the driver.

G: Can you elaborate a little bit more?

K: I mean, one of the things you’ll see, that many of the senior people, or the middle level managers in Indian companies, many of them now have MBA from abroad. So they have international exposure, but the drivers for internationalization are more economic fundamental which is, you know, looking at access of new markets, new technologies, diversifying risks, accessing capital, all of those things are the fundamental drivers. Your ability to succeed in the internationalization may depend on having managers with international exposure, so it will affect how well you internationalize, but not whether you internationalize.

G: The efficiency you mean?

K: Yeah

G: So, basically what will help the internationalization process will be the international exposure of the senior managers.

K: Yeah, so for instance I know even in Italy, the Indian companies are looking to find from mid size Italian companies, you know the northern Italian regions. Whether you find a company, you know, in leather, for instance to get access to good design and finishing and so on and so forth. So, if that type, you know, that is about fundamental, you need access to new technology, techniques,
now for the first time you have the money and because of Europe’s downturn companies are willing to set their evaluation not so high. So it’s everything driven by economic sense, more than anything else.

G: Do you think the phenomenon is a temporary phenomenon of the returning? You said that basically the West is not going to grow a lot so if India is growing faster than the West then it will be more attractive during the years to come as well.

K: Yeah, you see, the two things you might want to end your thesis with are two new phenomena that are growing for the first time. One is that young people who grew up here are going back, are going for jobs, for experience. So, Indian-Americans, those who went to Harvard or Princeton or Yale, or even non-Indian-Americans, are going to India. If you go to the Infosys campus in Bangalore and you go to the IT companies you will see quite a few non-Indian faces, because they are trying to gain experience and exposure. Just like, if you’re studying in Italy, if you’re working somewhere, ok I’ll spend 2-3 years in Sweden to get some experience and it will help my CV. So now, spending time in China or India is part of that. The second is you see that these are not really returnees, right? I think that young people, especially of your age, it’s not about be either in India, Italy or the US, you see much more what I call circulation. You know, I spend 2 years in India then I’m back in the US, then for some reason I might spend 2-3 years in Singapore. So, at least at the high-end that what you see. Not either or. Both. And that is I think different from the past and partly one of the reasons why that is possible is the growth of the dual citizenship, because then the transaction cost of going back and forth are much lower. So do you have enough?

G: Just one more, what do you think is the relevancy of the quality of the Indian infrastructure. Is it going to influence the decision to stay in India after they came back? I mean, in comparison to the West the infrastructure are still quite undeveloped.

K: I think you are being very polite, what you want to say is that the infrastructure is horrible. You don’t have to be very polite. Yeah, absolutely. See if your decisions are taken about the quality of life, you know, obviously I would rather be in Verona or somewhere near Venice or something like that. And surely quality of life and things matters, but interestingly enough quality of things matter when, at a somewhat greater age. See the sort of thing that you are doing now at your age. So, Delhi is a little better but there are still lot of problems and all of that, but still at a young age you can take all that. Why? Because it’s part of what you want to do and you want to experience new things, try new things, so things appear to be a big hassle when you are 40. They’re actually rather interesting when you are 20. Because at 20 it’s an adventure, at 40 is a hassle. So this is why I think you will see more circulation, people come when they are young, they may go back when they are middle age and they might come back when they are old so they can retire and have full service. So that’s why I think they’re not gonna see this as a single variable. Either you are returning or not. There’s much more back and forth movement.