CHAPTER-V

THE INDIAN STATE AND ITS DIASPORA

International migration from India is a result of both domestic policy changes and global trends. Factors like demography, technology, changes in economic structures, domestic politics and national security concerns will further arbitrate these flows. Migrations from India have been largely driven by economic motives, although political factors also triggered the flow in specific cases. Diasporic activism depends not only on pressures from the homeland but also on the policies and pressures put upon diasporas by the host land. Both the homelands and host country use the diaspora community for their own political purposes in terms of promoting its foreign policy agendas. This chapter explores the intricate relationship between the expatriate communities and their homelands which in recent years have become an increasing focal point of academic inquiry. The relationship between them produces complex economic, social and political manifestations at various levels. The scope of this chapter is to look at such engagements in a globalized world.

The Indian diaspora today is an incontestable fact of the world culture. It is increasingly occupying a greater place in transnational and economic and cultural exchanges. India’s overseas population has an intricate and composite past. Scholars on migration studies usually point to two main ‘waves’ of emigration: the first referring to migration of Indian indentured labourers to colonies in Africa and the Caribbean during the British rule. The second wave under an independent India saw Indians migrating for work, business and study to North America, Europe and the Gulf states (Clarke et al. 1990: 3). Indian diaspora spans the globe and stretches transversely across the oceans and the continents covering approximately 136 countries (Suryanarayanan 2001: 12). Migrants from India in the 19th century were drawn largely from north-central India (Haryana, UP and Bihar) and Tamil Nadu, whereas the recent migrations are more from Punjab, Gujarat, Kerala and Andhra Pradesh. In the skill-intensive migration of recent years, migration rates have been significantly higher among select religious minorities (Jews, Syrian Christians, Parsis and Sikhs) and higher castes, due to their higher level of domestic income and education (Kapur 2003: 446). India exhibited an attitude of indifference and mistrust towards its diaspora and expected its expatriate population to integrate into their host society. However, since the 1980s the limited patterns of exchange between the various settled communities of expatriate Indians and India have been dramatically
transformed in volume and content. Cheap travel, new communication technologies and economic liberalization have changed the scenario considerably. Although London, New York and Toronto are the new cosmopolitan habitats of the Indian diaspora where ostentatious consumption reflects high-tech aspirational life-styles, these locations remain intimately connected with cities in South Asia and elsewhere (Singh et al. 2003: 5).

India’s foreign policy governed by the idea of autonomy from all foreign involvements and non-alignment excluded any specific policy directed towards its expatriates. Because of its exclusionary policy, India did not benefit much from its rich and technologically sound human resource capital for almost 45 years after independence. The first Prime minister of India, Jawaharlal Nehru advocated closed model of development according to which the expatriate Indians had forfeited their Indian citizenship and identity by moving abroad and did not need the support of the mother country (Lall 2001: 41). In other words, they were encouraged to integrate and settle in the new land.

The human rights issues of the diaspora in terms of their political, economic or social discrimination were not addressed or taken up by the mother country. India could not afford to be vocal on the fate of Indians abroad and put diplomatic relations at risk, nor could it follow the nation-state ideal at home and be seen to intervene in the affairs of other nation-states externally. Those Indians who left their country of origin forfeited their rights as Indians (Lall 2001: 76). When India became independent in 1947, there were nearly four million “Overseas Indians” spread across various parts of the British Empire. With roots generally traced to the colonial migration that began in the early decades of the nineteenth century, groups of emigrants were discursively constituted as a community variously described as “Indians abroad” and “overseas Indians” through a series of political struggles that took place both in settler colonies and within India itself (Mani and Varadarajan 2005: 58).
Indian diaspora comprises of both NRIs and PIOs. Its potential had not been explored by Indian planners as the diaspora had been largely kept out of the public sight and awareness. The newly emergent affluent and skilled overseas professionals made NRIs a potential source of foreign direct investment and technology transfer. As discussed elsewhere also, one witnesses significant emigration of skilled Indians due to the liberalized immigration policies of the west since the 1960s. The anecdotes of Indian diaspora are filled with tales of educational and technological advancements, and economic progress despite facing impediments over the years. The overseas Indians not only progressed educationally and economically but also succeeded in attaining political success at times. Notwithstanding, the initial neglect exhibited by the Indian Government, the establishment of a HLC on the Indian diaspora in September 2000 reflected its recognition of the prospective windfall this global community had to offer.

In 2002, the committee released its detailed report: informing the Indian public of the achievements of the Indian diaspora, sensitizing it to their problems and their expectations from their mother country, proposing a new policy framework for creating a more conducive environment in India to leverage these invaluable human resources and thus forging stronger ties between the Indian diaspora and India (HLC Press Release 2002). The report presents an inventory of Indians overseas and a host of recommendations to facilitate greater economic and cultural interaction between India and its diaspora. Its main recommendation is the need to establish a dedicated 'single window' organization, along the lines of a planning commission, to work with NRIs and Indian states to enhance investment and deal with the former's concerns. This report marked a transition from years of neglect to officially and formally

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* The term NRI emerged in the 1970s when the Reserve Bank of India (RBI) marketed specific savings and investment instruments to the successful Indian community abroad, especially those based in North America, Europe, South-East Asia and the Middle East. Various NRI accounts were designed to encourage the investment of hard currency with Indian banks at globally competitive interest rates.

* NRI or Non Resident Indians refers to an Indian citizen who is ordinarily residing outside India and holds an Indian Passport. A PIO or Persons of Indian origin is a person who or whose any of ancestors was an Indian national and who is presently holding another country’s citizenship/nationality i.e. he/she is holding foreign passport. A person registered as PIO Card Holder under MHA’s (Ministry of Home Affairs) scheme vide Notification No.26011/4/98-F.I dated19.08.2002 is given status of PIO card holder. A person registered as Overseas Citizen of India (OCI) under section 7A of the Citizenship Act, 1955 is granted Overseas citizenship of India.
recognizing the role of NRIs and PIOs in India's development and global engagement (Walton-Roberts 2004: 56). The challenge for the Indian state keen to reap the political and economic rewards of its 20 million strong diaspora sedimented over colonial and post-colonial times and spaces is to give shape to and manage this overseas population.

The majority of Indians traditionally migrated to Southeast Asia, the Middle East and Africa, in recent decades tens of thousands of Chinese and Indians have migrated to North America and other developed regions. The lives and activities of these Asian diasporas and their unique position in bridging the East-West divide and in promoting their homeland's development and foreign relations are not well known to many. Those Indians who left during the British colonial rule were considered to be betraying and deserting their homeland. Those Indians who joined the brain drain of talent to the United States and other developed countries more recently were also viewed negatively (Zhu 2007: 288).

**SPREAD OF INDIAN DIASPORA**

The Indian Diaspora spans the globe and stretches across all the oceans and continents. It is so widespread that the sun never sets on the Indian Diaspora (HLC Report 2002)

The global presence of Indian diaspora is a matter of great pride for India. This spread all over the globe helps in having linkages in the fields of culture, education, civilization and other areas. Despite integrating with the host countries in most cases, they still maintain their ethnic identity and cultural values, and also a sense of connection or belonging with the mother country. This preservation of ethnic distinctiveness and cultural traditions has bound them to the original roots in India. They have probed and explored their own Indian-ness and also the forces and factors that have changed the face of India in the years following the departure of their ancestors. This aspect has been appropriated by development planners and thinkers in India by strengthening the ties in order to draw on the rich human resource capital and wealth in the economic advancement of the country. An Indian connection of the descendants of Indian diaspora with the land of their ancestors consciously or unconsciously colors their vision. Consequently, some disown their connections with India, some grudgingly and reluctantly accept, whereas others proudly uphold and
applaud their Indian identity. Indian diaspora constitutes the third largest group next only to British and the Chinese. The story of Indian diaspora in the nineteenth century can be categorized in three parts:

I. Economically beleaguered labour seeking livelihood in distant lands in colonies under British rule;

II. The second wave of migrants consisting of professionals, artisans, traders and factory workers in search of opportunities and commerce in the neighbouring countries;

III. The third category comprises of professionals and the educated elite of India who sought economic betterment in the more advanced countries of the world. They have done so well particularly in U.S.A. that they are referred to as the model minority (J.C. Sharma 2004: 20-21).

The Indian diaspora is spread over a large number of countries and is about 25 million people strong. Of the 25 million, about 50% constitute the first generation immigrants from India and their immediate families termed as Non-Resident Indians (Abraham 2007). People of Indian origin constitute more than 40 percent of the people in Fiji, Mauritius, Trinidad, Guyana and Surinam (Sahoo 2006: 83). The indentureship period saw East Indians taking up residences in countries such as Kenya, Uganda, South Africa, Formosa, Malacca, Samoa, Fiji, Mauritius, the Solomon Islands in the Pacific Ocean, Australia, New Zealand, France, England, the United States, Canada and Panama. They also established permanent settlements in a number of countries in the Caribbean like Trinidad, Guyana, Suriname, Grenada, Jamaica, Barbados, Guadeloupe, Martinique, St. Lucia and a host of other countries (Gosine 1993: 12). The overseas Indian community can be divided broadly into two categories. The larger category is constituted by the older diaspora, that is, second, third or even fourth generation descendants of Indians settled abroad. The second category comprises mainly first-generation migrants, who live in the developed economies and still maintain close connections with their homeland. The approximate break-up of 25 million strong diaspora is given below:
### Table 5.1: Spread of Indian Diaspora

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Region</th>
<th>Population</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>North America (Mostly USA and Canada)</td>
<td>4.00 Million</td>
</tr>
<tr>
<td>2.</td>
<td>South America (Trinidad and Tobago, Guyana, Surinam, Jamaica etc.)</td>
<td>1.60 Million</td>
</tr>
<tr>
<td>3.</td>
<td>Europe (U.K., Netherlands, Germany, Austria, Switzerland etc.)</td>
<td>2.5 Million</td>
</tr>
<tr>
<td>4.</td>
<td>Africa (South Africa, Mauritius, East African countries etc.)</td>
<td>2.7 Million</td>
</tr>
<tr>
<td>5.</td>
<td>Middle East (UAE, Saudi Arabia, Kuwait etc.)</td>
<td>3.6 Million</td>
</tr>
<tr>
<td>6.</td>
<td>Far East and South East Asia (Malaysia, Singapore, Myanmar, etc.)</td>
<td>5.00 Million</td>
</tr>
<tr>
<td>7.</td>
<td>Pacific Islands (Fiji, Australia, New Zealand)</td>
<td>0.7 Million</td>
</tr>
<tr>
<td>8.</td>
<td>Sri Lanka and Nepal</td>
<td>4.9 Million</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>25.00 Million</strong></td>
</tr>
</tbody>
</table>

**Note:** these are approximate estimates and obtained from individual country statistics and from the report of the High Level India Diaspora Committee appointed by Govt. of India

**Source:** Thomas, Abraham (2007), “NRIs/PIOsand India, Mutual Expectations”  
[Online: www.gopio.net/publications.htm]

People of Indian origin constituting a global community of over 25 million people are emerging as the newest successful diaspora. Whether they come from Africa, Asia, the Americas, Australia, the Caribbean or Europe, they are Indians in body and spirit (Abraham 2007). The pattern of migration source from India have been highly concentrated reflecting upon its heterogeneity and diversity; for example, there are strong migratory networks connecting the states of Punjab, Kerala, Andhra Pradesh, Gujarat, Goa, Maharashtra and Tamil Nadu with Middle East countries. Similarly, migrants to the United Kingdom and Canada tend to come from Punjab and
Gujarat. All these states have contributed to migration to the United States, Australia and West European countries.

Overseas Indians exhibiting the diversity of homeland in terms of language, culture, religion, region and customs are engaged in different vocations and professions of excellence. They are known for their resilience and hard work. Despite deprivation and racial, political and economic discrimination they have done well economically and politically. Some critics argue that they are unable to assimilate themselves into the mainstream of their country of adoption and still adhere to the religious and cultural practices of their country of origin. This has proved to be a stumbling block in their complete assimilation into the society of their country of adoption. Nonetheless, this has contributed to their strength because the cherished values of their origin strengthen them morally and politically to participate in the economic, political and cultural lives of the host countries, for instance, some of the diasporic people had fought in the freedom movements of their countries of adoption. One of the reasons, which attracted the attention of the general public in India, was concerned with the investment capacity of the NRIs in the wake of liberalization and the structural changes in the Indian economy ushered in 1991. It has been pointed out that, compared to the overseas Chinese investments in mainland China, the overseas Indians are five times behind in their investments in India. Observations such as these have led to economist's interest in migration, remittances and capital flows (Jain 1998: 339).

The early migration of Indian diaspora was due to extreme poverty and unemployment on the one hand and forced migration for development of plantations and agricultural economies of the colonies under western control on the other hand. Recent migrations to the First world have made tremendous achievements in the field of medicine, engineering, information technology, teaching, commerce and industries. The spread of Indian diaspora all over the world was not only peaceful but also considerably influenced and enriched by the local people socially, politically, culturally. Indian millionaires are found in all parts of the globe. Indian academician are serving in various faculties of major universities of the world. The success story of India diaspora will remain incomplete if mention is not made of people such as Hargovind Khurana and Chandrashekar in Science, V.S. Naipaul, and Vikram Seth in
literature and Amartya Sen in economics. The Indian diaspora has contributed vastly to the development of the land of their ancestors in the following ways:

- Improvement in bilateral relations between host countries and the countries of their origin.
- Improved linkage for bilateral economic cooperation and trade and commerce between host countries and the country of their origin.
- Favorable climate for investment in India because of liberalization of Indian economy since 1991.
- Pool of scientists, technologists and knowledgeable persons in other fields belonging to Indian diaspora can accelerate the pace of economic development in India.
- Overseas Indian, can help in secondary and tertiary health care in India because of their advancement in medicines and health care services in the countries of their settlement.
- Education, tourism and culture are areas in which Indian diaspora can help.
- Philanthropy by Indian diaspora may usher in an era of worthy development in India (J.C. Sharma 2004: 24).

**COMPLEXITIES OF INDIAN DIASPORA:**

Indian diaspora exhibits all the complexities and diversities which are characteristic features of many states, regions, cultures, languages, beliefs and religions. They may be labourers from Bihar and Uttar Pradesh who migrated to various British colonies all over the world or Gujarati traders spread in the markets of Asia or the Sikh farmers cultivating barren land of USA and Canada. Tamil workers and entrepreneurs flourished in raising plantation crops in Sri Lanka, Singapore and Malaysia. Sindhi businessmen, a prosperous and hard working community, enriched the business envision of Thailand and Hong Kong (Singla 2001: 14).

India had a tradition of socio-religious restrictions on overseas travels. Anyone returning from such travels had to go through purification rituals. Even though India continued with its exclusionary policy, diaspora continued to visit places
of their origin to trace their roots and also to perform religious rituals and customs as per family traditions. The first generation diaspora in search of prospective bride/groom connected with the homeland mostly through familial links. They also indulged in philanthropy activities by contributing handsomely for construction of school buildings, temples, dharamashalas etc (rest houses).

From what has been stated in the preceding paragraphs, we deduce that there are four patterns of Indian emigration as outlined below:

I. Pre-colonial migration

II. Colonial migration that began in the 1830s to the British, French and Dutch Colonies.

III. Post Colonial migration to the industrially developed countries, and

IV. Recent migration to West Asia (Sahoo 2006: 83).

However, post colonial era diaspora is mostly a first generation and very rich and affluent particularly in U.S.A. India-Americans have a strong lobby in almost all walks of life influencing the decision making processes. They are also good contributors to political parties in elections, for example, some Indian-Americans like Bobby Jindal have occupied top positions in the political ladder of the host land. Overseas Indians are returning to India to seek their roots. Besides they are eager from making investment to transferring of skills and technology and for financing philanthropic and charitable works. This change became noticeable especially during the last decade. The Government of India should explore the opportunities offered by Indian diaspora for mutual benefits. This is a two way role in which there is a need for greater interaction and collaboration between members of the Indian diaspora and the government of India. Early in 2002, NDA (National Democratic Alliance) government in India announced that it had finally decided that Indians abroad would be granted dual citizenship.
INDIA AND ITS DIASPORA

Indian state has shown policy shifts and attitudinal changes in dealing with its diaspora. At the time of independence, India maintained that those Indians who leave or have left their country of origin should forfeit their rights as Indians and should integrate into their host societies. This was exemplified by the Ugandan crisis in 1972, the crisis in Fiji in the mid 1980s and many other incidents. It is argued that whilst the government of India wanted India’s economic development to be independent from all outside influence, the more recent governments have wanted to cash in on the resources of NRIs.

The Nehruvian policy was maintained for 45 years following independence and the diaspora was marginalized economically and politically and any ties that remained were based on family relationships. The Indian “brain drain” of scientists, lawyers and professionals to US, Canada or Australia was in search of better life, huge salaries, good education and health care for families. All these expatriates made substantial money and maintained informal family ties with India. But with the economic crisis at its doorstep, India realized that it had to change its economic strategy, along with reviewing its relationship with the NRI to get the foreign currency flowing into country again. Special concessions were given to the NRIs to invest their wealth in the Indian industry, initiate new industrial ventures or simply deposit foreign currency in Indian bank accounts.

An immigrant has a certain temporal span that often lasts up to a third generation after which their self identification as immigrants in most cases fade, even though they may retain ethnic identity. What distinguishes diaspora from other migrants is their sense of attachment and loyalty to their earlier culture and homeland. Attitudes of a diaspora toward its homeland are a combination of yearning and distancing. Many a times homeland does not welcome them politically, ideologically or socially which results in not opting to return by the diasporic community. Homelands provide cultural, emotional support and security expecting political, material or other support from host countries. Throughout the post-independence years, the Indian government failed to develop a relationship with its diaspora and to use this asset in assisting the Indian economic development. The actual dialogue between the central government and the diaspora was marked by the old ideals of
between the central government and the diaspora was marked by the old ideals of non-interference and suspicion for long. However, since 1991 with liberalization of Indian system, Indian government has offered incentives for investment in general for NRIs but with certain restrictions.

**India Vis-à-vis her Diaspora in Pre-Independence Era:**

British Empire had favoured and even encouraged the expatriation of Asians for labour and commerce. The discrimination against Indians was particularly harsh in South Africa. In 1894, the Natal government disenfranchised the Indians and in 1906 the Black act made registration and carrying registration papers for Indians mandatory. Mahatma Gandhi started a protest movement (Satyagraha)\(^*\) to draw local and imperial attention towards the plight of the Indian population. Gandhi, at that point of time, was concerned with the problems and difficulties faced by overseas Indians all over the globe especially in South Africa. After the First World War, on gaining independent membership of the League of Nations and several other League and Para-League organizations, the government of India used its voice at all international meetings to protest against the treatment of its overseas population. Indian Government kept the agenda of difficulties, grievances, racial discrimination and other rights of Indian diaspora alive by forcefully advocating these cases in the imperial conferences held in 1907, 1911, 1917, 1918 and 1921 which showed a shift of reluctant attitude in addressing the problems of expatriate Indians.

At the imperial conference of 1921, the Indian delegation stressed that the overseas Indian population be granted equal rights with the British citizens living in the Dominion. New Zealand, Canada and Australia were agreeable to accept Indian equality but the British did not support the proposal as they considered Indians abroad as a threat and competition to themselves. In Delhi, a separate department of overseas Indians under Dr. N. B. Khare was created. Also, a *Reciprocity Act* was enacted in 1943, whereby India declared that the rights and welfare of South Africans in India was closely linked to those of Indians in South Africa. Thus, government of India recognized its responsibility towards its overseas population before World War II

\(^*\) Satyagraha, was a policy of passive resistance to British rule advocated by Gandhi.
owing to its nationalist policy. It also recognized the diaspora as being part of the nationalist movement which was determined to get rid India of colonialism. To this end, the Government of India sent deputation to various parts of the Empire. This policy remained constant until independence in 1947 (Lall 2001: 78-87; 2003: 123-24). Thus, we observe that with the emergence of a nationalist consciousness among Indian political elites in the early twentieth century, attempts to pressurize the British Indian government to ban recruitment of unskilled labour and appoint commissions to investigate charges of abuse against plantation and mill owners was mobilized. Also, nationalist involvement in causes pertaining to overseas “Indian” communities also took on distinct political overtones.

**India and her Diaspora after Independence:**

We have analyzed the geographical spread of India’s diaspora, its rich and varied composition and its contribution in the economic development of the home country. An analysis of the status of Indian diaspora in pre-independence era has been given in the preceding pages. India is a multi-lingual, multi-religious, multi-racial and multi-belief society, which remained united during pre-independence era on nationalist agendas of anti-colonial movement to end the British colonial rule. The imperial legacy of divide and rule held no good and the new Indian state was to be based on shared past history, religious tolerance and democracy which excluded Indian diaspora. After independence, the objective of achieving the unified India necessitated a shift from nationalist anti-colonial movement to a nation-state project. India’s task of nation building required it to take some policy changes and political stands.

India’s independent and closed model of economic development forbidding outside involvement was a clear cut departure from its nationalist policy of pre-independence era. In 1947, the world was divided into bi-polarity and Super-power confrontation. The two power blocks represented two politico-economic systems – one led by U.S. representing capitalism with free market mechanism and other led by Soviet Union representing communism and closed economy. As far as imperialism was concerned, India was committed to withdrawal of colonial rule from all colonized nations. Post World War II migration is entirely different from that which took place during colonial period. During this period migration from India was directed towards developed countries. Pre-colonial period saw mostly the migration of unskilled
workers whereas migration during post-colonial period comprised of talented professionals, skilled labourers, entrepreneurs and Anglo-Indians. During post colonial period, the migrants preferred developed countries such as the U.K., U.S.A., Canada, Australia and New Zealand. Africanization policies and Ethnic Violence also forced some migration from former colonies (Indian Diaspora) to industrially developed countries (Sahoo 2006: 83).

**Nehruvian Policy**

Jawaharlal Nehru, not only advocated exclusion of overseas Indians from Indian foreign and domestic policy, but also encouraged the diaspora to integrate into their host societies. Nehru had clearly and unequivocally led the genesis of Non-aligned foreign policy and the principles of Panchsheel emphasizing on mutual respect, peaceful co-existence and non-interference. Nehru believed in the planned economic development and development of strong public sector. Nehru’s emphasis on non-alignment was fuelled with the understanding that the immediate needs of newly independent countries of Asia and Africa was to fight poverty, illiteracy and disease. To counter these problems India required being on a path of economic development which was not only fast but robust and resilient. Nehru in a Speech given in Lok Sabha clearly outlined the policy to be followed in connection with the expatriate Indians:

*Now these Indians abroad, what are they? Indian citizens? Are they going to be citizens of India or not? If they are not, then our interest in them becomes cultural and humanitarian, not political. That interest of course remains. For instance, take the Indians of Fiji or Mauritius: are they going to retain their nationality or will they become Fiji nationals or Mauritians? The same question arises in regard to Burma and Ceylon. It is a difficult question. This house gets mixed up. It wants to treat them as Indians, and with the same breath it wants a complete franchise for them in the countries where they are living. Of course the two things do not go together. Either they get the franchise as nationals of the other country, or treat them as Indians minus the franchise and ask for the most favourable treatment given to an alien* (Quoted from Lall 2001: 88).

As Nehru argued, the *pravasis* (Indians living abroad) had a choice. They could choose to remain Indian nationals, in which case they could make claims on the Indian state, but not on their host countries, or on the other hand, they could become citizens of the countries in which they lived, in which case their relationship to India
would remain only in the realm of cultural and sentimental ties. Rather than operating as a representative of Indians abroad, the Indian state repositioned itself as an observer. In response to these nationalization policies, the government of India refused to come to the rescue of overseas Indians, defending instead the right of newly independent nation-states to safeguard and develop their economies as they saw fit. The economic policies was considered essential by the postcolonial Indian state to restore the health of the nation after the colonial encounter were those generally grouped under the banner of nationalization. Consequently, the post-independence Indian state framed its relationship with pravasis in terms of a larger transnational alliance against colonial exploitation.

As Nehru declared, Indians abroad had a responsibility to identify closely with the interests of the country they were residing in, even if it went against their own personal interests and economic investments. Any attempt to uphold economic investments at the cost of the larger national interest of the host country would lead to an equation between Indians abroad and the colonial powers, described as “exploiting agents.” By the same logic, any intervention by the postcolonial Indian state on behalf of the various Indian communities abroad could also be viewed as an attempt to re-inscribe exploitative relationships in a different political context. It was this commitment to a transnational anti-colonial alliance that shaped the Nehruvian policy in the immediate aftermath of independence. Despite various political events over the decades, the essence of that policy shaped the relationship between the pravasis and Bharat until the late twentieth century (Mani and Varadarajan 2005: 62). The diaspora was marginalized economically and politically and all the ties were more on familial lines. The first policy shift was evident when under major economic crisis in 1991 required economic and political reforms.

**IMPACT OF INDIAN FOREIGN POLICY ON HER DIASPORA**

Indian diaspora is a product of imperial legacy and had divided loyalties. Nehruvian doctrine on foreign policy was hostile to all forms of imperialism. Indian diaspora owing to their perseverance and hard work became prosperous, wealthy and politically influential in their host countries. They maintained informal ties with their mother country over sustained period. As already discussed above, Nehru was quite clear that independent India cannot support their cause and they should integrate with
the main stream population of their host countries. In essence, Nehruvian doctrine excluded the Indian diaspora from the preview of Indian foreign policy which affected both India and its diaspora. Overseas Indians could not get help from their mother country in their moments of crisis such as in the case of Fiji coup in 1987 and 2002 and in the case of crisis in Uganda in 1972. Also, India could not take advantage of diaspora’s richness in her economic development for the first 45 years after independence. Post-imperial India was economically weak but self-sufficiency, not independence, had been chosen as the route to development. There was no place for state-diaspora relationship in India’s foreign policy framework, with the passage of time all talk of ideology and morality faded away but the exclusion of the diaspora remained a constant.

Dr. B.R. Ambedkar, chief architect of the Indian constitution had opined that closer Indo-US relations, premised on a natural affinity of democracies, would lead to foreign assistance to India and alleviate the national burden. He wanted to abandon non-alignment and come to a final decision of either aligning with democratic government or making friendship with communist ones. “What clearly emerges is that Ambedkar had a dramatically opposite view on foreign policy from Nehru. He espoused a pragmatic approach of trying to achieve the possible than wait to realize the ideal. His fundamental tenet was premised on fashioning foreign policy for solving our problems rather than regional and global ones. He felt that foreign policy must enhance our strategic and developmental options. He envisioned a strong India that took its place in the global order based on developing its economic strength and leveraging its political alliances with other democracies.”(Parvathaneni 2009).

While Nehru was largely interested in international issues, Indira Gandhi, Prime Minister of India (1966-77), was keen on bilateral and regional issues. She was suspicious of foreign direct investment in terms of outside interference, hence, did not look for active support from the diaspora. Indira Gandhi maintained non-alignment a central focus of Indian foreign policy, although from a much more realistic standpoint. Mrs. Gandhi’s rejection of superpower dominance was accompanied by a reflection of power politics in general. From independence onwards the issues concerning the diaspora were excluded by Indian foreign policy and that even when there was a switch from idealism to realism during Indira Gandhi’s tenure, there was
no change with respect to the diaspora. Economic foreign policy was based on similar ideals of self-sufficiency and the limitation of external involvement and therefore the diaspora remained excluded. The economic policies adopted by the Indian state in the immediate aftermath of independence: primarily policies pertaining to the nationalization of major industries, state-sponsored industrial development, and strict control of foreign investments were essential. Regardless of domestic and international pressures, successive post-independence governments had based their economic policies on similar principles. The Pravasi Bharatiya Divas celebrations in 2003, therefore, marked the beginning of a radically different journey for the Indian state from the path followed in the immediate aftermath of independence.

**Legality about Diaspora:**

Legal status examines nationality, residency, property and investment rights of Indian diaspora. Before 1948, Indians were either British subjects or British protected persons. British subjects were those born on British territory and those born in India’s princely state or in any protected or mandated territory were British protected persons. By law, the British subjects were nationals of Britain while British protected persons were aliens. For all practical purposes both the categories were treated equal in all matters of employment, property, political and social rights and diplomatic protection. The situation became difficult after decolonization. The *1948 British Nationality Act* provides as under:

I. All British subjects who had links with the U.K. would become citizens of the U.K. and colonies.

II. British citizens who had links with other self governing countries of the commonwealth would be regarded as potential citizens of their respective countries while some others would become British citizens without citizenship.

III. Former British subjects and British protected persons who became citizens of any country of the Commonwealth would be called British subjects or Commonwealth citizens and
IV. Categories II and III would become citizens of the U.K. and colonies by registration after residing one year in a British territory.

Indians considered themselves British citizens resident in their host countries. This situation made them alien in their host countries (Ghai and Ghai cited in Lall 2001: 97).

The 1962 Immigration Act closed the doors of the British subjects of the commonwealth countries and to those Asians who were holding British Passports for entry into Great Britain. Indian government advised British Passport holders to exchange their British Passport for local ones. Government of India also clarified that there would be no difficulty in their returning to India, whenever they wished. The East Indian expatriates clung to their British Passport for economic reasons. Government of India was very clear that the Indian diaspora should not have dual loyalty – One with mother country and the other with host country. Thus, there was no participation of Indian diaspora in the economic development of the home country.

This exclusion of diaspora from the post independence development was certainly at a huge economic cost. Indira Gandhi era also closed the doors for NRIs. Rajiv Gandhi, Prime Minister of India (1984-89), tried to move India’s foreign policy priorities away from the region to inter third World cooperation. However, the question of NRI money and other capabilities only become a political issue when India’s economy almost collapsed in 1990. The NRIs and their financial capabilities could have been welcomed to help India grow in light of the development taking place in South East Asia in the same period. China had involved non-resident Chinese investments right through the 1980s to gain from its expatriate’s successes (Lall 2001: 213-214).

Rajiv Gandhi era took notice of the Non Resident Indians. Indian thinkers started talking about ‘Another India’ abroad. The Fiji crisis also highlighted the plight of expatriate Indians and also their potential in terms of wealth, technology and a volunteer force of enlightened people who can advocate the cause of India abroad. Till the middle of 1970s, the Government of India did not take any interest in non-Resident Indians (NRIs), a definition which was given by the Reserve Bank of India when they wanted the Indian banks to attract NRI deposits. In the 1980s, former
Prime Minister, Rajiv Gandhi invited a few NRIs to come back to India to help in development of some core sectors including telecommunications. In the 1990s, with economic liberalization advocated by Dr. Manmohan Singh, the then Finance Minister, an impetus was provided for NRIs/PIOs to become more active in the Indian scene.

1991 and the Changed Environment:

The Government of India’s old reluctance to become involved in political issues related to the diaspora under Prime Minister Jawaharlal Nehru transformed slowly into greater economic engagement in the 1970s and 1980s. More recently, the Government of India has made efforts at enhancing NRI investments through economic liberalization. One major concern linked to this development was the effect of a ‘brain drain’ as emigrating skilled professionals were considered a loss to the national economy that produced them. Throughout its economic development in the 1970s and 1980s India tried to avail some remittances coming from Gulf countries, but did not open up its economy for serious investment beyond the informal family/state border. The prevalent economic model in most countries was capitalism with free market mechanism. Globally India was isolated because India did not amend its policies on time and adopted liberalization of her economy very late.

In June 1991, the Indian state embarked on an ambitious program of neo-liberal economic reforms following the most severe economic crisis in its four decades of independence. The reforms, purportedly vital to ensure India’s global competitiveness, were perceived as marking a fundamental break from precedent policy. The new economic agenda termed public sector as “unproductive” and favoured foreign investment in the national economy (Government of India (1992), General Budget 1991). Thus, the new economic reforms advocated changes contrary to the policy measures that the postcolonial Indian state had followed until the late 1980s. The major economic crisis of 1991 further focused government interest upon its overseas population. The effects of oil price shocks resulting from the 1990 Gulf War, the collapse of the Soviet Union, a major trading partner and source of foreign aid, and a sharp depletion of foreign exchange reserves as a result of large and continuing government budget deficits led to economic collapse. The shift in political decision replacing the planning discourse with liberalization was opposed by the
political left and the Hindu nationalists on the argument that it threatens national economic sovereignty. Indian industrialists also complained about the reforms as it took the protectionism they enjoyed.

An analysis of the Indian economic situation in early 1991 reveals that India had only a billion dollars foreign exchange reserve which would cover only two weeks of import. Gulf war had reduced the remittances from gulf countries while the oil bill had increased. India also owned heavy foreign and domestic debts. The shortage in foreign exchange had forced massive import squeeze which in turn, halted industrial growth and produced negative growth rates. This was an era of political instability and coalition governments. In order to obtain emergency loans from international economic organizations, India adopted reforms aimed at liberalizing its economy, including the removal of many regulations on investment, cuts in tariff and non-tariff barriers, liberalization of FDI rules, exchange rate and banking reforms, and a significant reduction in the government’s control over private sector investment. A number of concessions for NRI investment in Indian industry were introduced, including new industrial ventures, streamlined bureaucracy, and a green-card scheme which allowed holders to remain and invest in India (Dickinson and Bailey 2007: 763).

The Ministry of External Affairs invoked Gandhi’s nationalist contributions; the government-appointed High Level Committee on the Indian diaspora opined that recent social and economic changes in India necessitated a redefinition of diaspora. By relocating diasporic subjects as a strategic resource of the state, the High Level Committee’s report exemplifies the ways in which professional Indian immigrants in Europe and North America embody the political and economic ambitions of modern India.

Marking a dramatic change in domestic and foreign policy toward Indians abroad, PBD was the culmination of a series of new policy measures undertaken by the Indian state since the 1990s, including the provision of tax incentives to facilitate domestic investment by overseas Indians, the establishment of the first High Level Committee on the Indian diaspora, the institution of a visa-free regime for diasporic subjects through the POI scheme, and an ongoing dialogue on dual citizenship. Further, the conference constituted an implicit apology on the part of what Vajpayee
had called "Mother India" for not fulfilling her duties toward her "children abroad" in the immediate aftermath of independence. In contrast to its attitude of the past, as Vajpayee declared in his inaugural address, India was now willing to accept its "parental charge." (Mani and Varadrajan 2005: 57).

The Need for change:

The facts stated in the preceding paragraphs reveals that major revamping was required to arrest the down sliding of the Indian economy and save it from complete collapse. At the political level, the era of coalition government and instability was over.

The following steps were taken to liberalize economy:

- Foreign capital allowed in 34 major areas
- Private sector was allowed in some areas previously reserved for public sector such as road building, and aviation.
- Tariffs reduced.
- Rupee was made convertible on the trade account.
- Two devaluations effected
- Streamlining of bureaucratic procedures and reduction in red-tapism.
- Foreign capital was further allowed in telecommunications, power and oil exploration.
- Special concessions were announced for the NRIs to invest their wealth into Indian Industry, set up new industrial ventures or simply deposit foreign currency in Indian Bank accounts.

As a result of steps taken as narrated above, the foreign exchange reserves started accumulating. The economic reform package included specific provisos regarding NRIs. Dr Manmohan Singh, the then finance minister announced the establishment of a new government office—Chief Commissioner of Non-Resident Indians—to coordinate the interactions between the Indian state and NRIs. As stated above, Indian government had initiated measures to attract NRI investments into the country, both as a long-term policy goal and as a short-term measure to expedite the inflow of foreign exchange. Indian government proposed to reinforce its association
with NRIs in the aftermath of an economic crisis that was blamed, in part, on the behavior of Indian communities overseas. The Indian government requested and received two International Monetary Fund loans and devalued the Indian currency for the first time since 1966. The devaluation of the rupee, perceived by outside observers as a measure that made subsequent economic reforms inevitable, was largely precipitated by NRIs who had withdrawn large sums of money from their Indian investments.

Since India liberalized her economy late and Indian diaspora also took some time to adjust and acquaint herself with the economic situation in India, the flow of Foreign Direct Investment to India had been slow. Even though Foreign Direct Investment (FDI) into India has been modest, the NRI Foreign Direct Investment has been astonishingly limited. For example, total NRI investment out of the total FDI approved since January 1991 to December 2003 was around 3.5 per cent (Chaturvedi 2005: 147). As far as economic development and foreign relations are concerned, the diaspora plays a significant role as provider of Foreign Direct Investment and playing the role as cultural Ambassador for their country.

In 2003, the Federation of Indian Chambers of Commerce and Industry (FICCI) aimed at “tenfold increase in FDI inflow from the Indian diaspora to US$ 5 billion by 2008” (The Hindu Business Online 2004, 31 July 2004). FICCI’s plans were developed as a High Level Committee (HLC) on the Indian diaspora. The committee produced an extensive report focused on two inter-connected strategies (HLC Report 2002) in terms of initiating celebration of annual Pravasi Bharatiya Divas (Overseas Indian Day) and offering dual citizenship to some overseas Indians. Pravasi Bharatiya Divas (PBD) celebrations in 2003, therefore, marked the beginning of a radically different journey for the Indian state from the path followed in the immediate aftermath of independence.

The Indian government has organized the event annually in four major cities: Delhi, Mumbai, Chennai and Hyderabad since the first conference in 2003. The conference from its inauguration by the NDA government, to its current organization by the Congress-led coalition government, has survived changes in political regime. PBD maintains a remarkable consistency in its emphasis on economic reform and development fostered by foreign investment besides offering various tax incentives.
for investment, promote the PIO card, and discuss dual citizenship (without voting rights) for select categories of NRIs. In recent years, the conference has also highlighted special topics: the 2004 and 2005 PBD featured panels on the health-care industry in India and on youth in the Indian diaspora (Pravasi Bharatiya Divas 2009).

In addition, recognizing the importance and great potential of overseas Indians in India's development, in May 2004 a new government ministry - the Ministry of Overseas Indian Affairs (MOIA) was officially established by the Indian government. The new ministry is set up to help both NRIs and PIOs (person of Indian origins who have acquired citizenships of other countries) and their families on various issues such as investment safety, children's education, and employment of family members. Despite some bureaucratic and administrative delays, the new ministry seems to be seeking a bigger role in the political economy of India. Since the power transition in India in the first half of 2004, the Indian National Congress has continued to strengthen economic reforms including efforts to attract FDI.

THE INITIATIVES TAKEN BY GOVERNMENT FOR ITS DIASPORA

The High Level Committee on Indian Diaspora

The economic crisis in 1990 awoke the Indian planners and administrators from their slumber to look towards this rich resource. As half-hearted measures were taken to tap this resource in the nineties, it was thought proper to appoint a committee to assess the potentials and achievements of the Indian diaspora. Therefore, HLC on Indian diaspora was appointed in September 2000 by Government of India under the chairmanship of Dr. L.M. Singhvi, Member of Parliament, to recommend a broad and flexible policy frame work after reviewing the status, needs, and role of people of Indian origin and non-resident Indians. In addition to the Chairman Dr. L.M. Singhvi, the members of the committee were Shri R.L. Bhatia, Shri I.R. Hiremath, Shri Baleshwar Agarwal and Shri J.C. Sharma, Secretary in the Ministry of External Affairs (Member Secretary). The mandate of the committee was to make detailed and comprehensive study of the Indian diaspora in all its complexities and to recommend a broad and flexible policy framework after reviewing the status, needs and role of PIOs and NRIs for a constructive relationship with them (HLC Report 2002).
The report of HLC was presented to the Government on 8th January 2002. The report is the sum and substance of all the initiatives and inputs, resulting from extensive first hand talks with overseas Indians. Use of case studies and empirical data have enriched and reinforced it. The report is structured in Five Parts. Part I contains Letter of submission of report to Government; Terms of reference of the committee; the foreword; Executive summary and Acknowledgements. Part II contains the examination of the genesis and particular circumstances of the India diaspora in selected countries and regions. This part also includes global perspective of other diaspora and their relationship with their countries of origin. Part III – deals with three interim reports submitted by the committee. Part IV – this part gives detailed examination and recommendation on major diaspora issues in the field of consular and related matters, such as culture, economic development, investment, international trade, industry, tourism, education, health, media, science and technology and philanthropy. Dual citizenship and single window system for interaction with the diaspora are also included in the part. The setting up of Pravasi Bharatiya Bhavan is also a subject matter of the part. Part V – Deals with conclusions and recommendations of the committee on the entire range of the expectations, needs and requirements of India’s agenda for the Diaspora.

The important issues and concerns of the Diaspora were addressed by HLC (2002) at length and certain policy recommendations were made to build a constructive and optimistic relationship with its forgotten population. Some of these, aiming at mutually beneficial and incremental interaction between India and its Diaspora are listed below: The HLC submitted three interim reports to the Government relating to the following subjects:-

- The PIO card scheme
- The Pravasi Bharatiya Divas (PBD)
- Parvasti Bharatiya Samman Awards (HLC 2002:555-556).

The first interim report pertains to reductions in fee for PIO card. The second is about celebrating Pravasi Bharatiya Divas every year in January in recognition of their achievements and goodwill towards India. The Pravasi Bharatiya Divas was chosen to be celebrated on 9th Jan. every year – a symbolic date for return of Mahatma
Gandhi after his stay in South Africa. The third interim report pertains to institution of Pravasi Bharatiya Samman awards for eminent PIOs/NRIs.

As the prime minister and several other speakers at the conference repeatedly asserted, PBD honored not only those migrants who left India voluntarily in search of better economic opportunities in the late twentieth century but also the descendants of those who “went to distant lands as traders, monks, teachers and temple builders” in “ancient times,” as well as indentured labourers who emigrated during the colonial administration of the subcontinent. At PBD, the temporal parameters of what was known as “India” incorporated a pre-colonial and colonial past as well as the postcolonial present; the spatial boundaries of the nation exceeded the geographical limits of the state. It was this spatially and temporally expansive definition of the national body that enabled pravasis to become known as “Indian.” However, by incorporating these diasporic subjects into the nationalist domain of the Indian state, the organizers of PBD excluded migrants who were forced out of national borders those men and women who were violently displaced from India to Pakistan and Bangladesh during Partition in 1947—and who were physically as well figuratively absent from the conference proceedings (Mani and Varadrajan 2005: 51-52). This was made clear prior to the conference in a pronouncement by the Indian Ministry of External Affairs:

The Indian Diaspora is a generic term to describe the people who migrated from territories that are currently within the borders of the Republic of India. [...] The Diaspora is very special to India. Residing in distant lands, its members have succeeded spectacularly in their chosen professions by dint of their single-minded dedication and hard work. What is more, they have retained their emotional, cultural and spiritual links with the country of their origin. This strikes a reciprocal chord in the hearts of [the] people of India. (Quoted in Mani and Varadrajan 2005: 52)

In this official view, the term “Diaspora” was integral to what it meant to be Indian. As the ministry noted, diasporic Indians were to be admired for their ability to succeed “spectacularly” in their professional capacities; in turn, the emotional, cultural, and spiritual affiliations they retained with their homeland should be welcomed and reciprocated by Indians in India (Mani and Varadrajan 2005: 52). Also, a ‘successful’ NRI deserving of inclusion in the Indian diaspora family is constructed as an educated, middle-class professional with global networks that enable
connections to India. Indeed, the discourses of membership make continued, and sometimes contradictory, reference to the connections that are expected of members. These connections are to two societies: connections back to India legitimised by a shared sense of Indianess and Indian identity, and connections to the host society (Dickinson and Bailey 2007: 765-66).

HLC (2002: 558-566) has considered and recommended on major issues concerning Indian diaspora as outlined below:

- Culture: There is a vast divergence in the needs of the different segments of the diaspora in the field of culture. The committee recommended the adoption of the British Council model for the larger demographic centers.

- Economic Development (Investment, International Trade, Industrial Development and tourism): Some of the important recommendations made by HLC are as follows:
  
  ➢ The expertise in the management, financial, corporate, trade and banking sections available in our diaspora should be tapped for economic rejuvenation of India.

  ➢ Setting up of special Economic zones exclusively for projects to be set up by NRIs/PIOs.

  ➢ A dedicated single window system.

  ➢ Some banks have made provision of making payment in rupees against foreign exchange remittances of labour force in the Gulf region. This arrangement should be repeated in other regions.

  ➢ HLC found bank frauds in the bank accounts of NRIs/PIOs. HLC recommended that instructions of Reserve Bank of India (RBI) should be strictly followed.

  ➢ Issuing infrastructure bonds to attract NRI/PIO investments on the lines of Israel bonds.
Extending fiscal incentives such as reducing corporate tax rates to levels at or below competitive international levels, removing restrictions on repatriation of profits and eliminating needless licensing requirements would be extremely useful in attracting investment.

- **Tourism**: Tourism packages should be tailored to attract 2nd generation PIOs. Special tour packages, pilgrim packages and other packages tailor-made for this section of the diaspora should be developed and publicized. The proven expertise of diaspora in tourism sector can be gainfully utilized for developing tourism infrastructure in India.

- **Education**: Highly qualified PIOs are occupying senior academic position in institutions of higher learning in developed countries such as USA, U.K. and Canada. They are eager to volunteer their time and expertise for institutions of high learning in India & HLC recommended that this human resource should be utilized gainfully. HLC further recommended that special programs should be developed both at school and university level for various age groups in the diaspora. Wherever there is a sizeable population of Indian diaspora in host country, Indian studies should be introduced so as to acquaint the diaspora with the socio-political and economic conditions of home country i.e. India.

- **Health**: Hospitals and other healthcare institutions are currently treated in India as “Industries”. To attract PIO/NRI investment, these institutions should be declared “infrastructure” in the health sector.

- **Media**: Media is an eye and ear for good governance. Freedom of press is a must for welfare of the people.

- **Science and Technology**: Programs should be developed to facilitate involvement of diaspora scientists and leverage their knowledge, skills and technology to Indian scientists. Joint projects should be developed. Research projects should, where possible be sub-contracted to India from the developed countries. Such projects should be in the cutting edge of technology.

- **Philanthropy**
• Dual Citizenship: There has been a persistent demand for dual citizenship particularly from Indian community in North America and some other advanced countries. After studying all aspects of this demand, HLC recommended to grant dual citizenship to certain members of the Indian diaspora with appropriate safeguards.

• Pravasi Bharatiya Bhavan: The committee recommended establishing a “Pravasi Bhartiya Bhavan” in Delhi to provide a venue for commemorating the history and achievements of Indian diaspora.

• Standing Committee of Parliament: A parliamentary standing committee on Indian diaspora should be constituted.

• Future Organizational Structure: HLC recommended that a transparent, fair and fast track mechanism should be developed for processing clearances.

  ➢ Single point contact with the diaspora should be established.

  ➢ Single point contact organization should be allowed to receive charitable and philanthropic donations.

  ➢ The early simplification of foreign contribution (Regulation) Act, 1976 to enable India to receive more remittances from PIOs for Philanthropic activities. Donations from PIO/NRI should be placed either under an automatic route or under a fast track mechanism on the condition that these should be only for secular and development purposes and should be for PIO Cardholders only.

  ➢ Exemption of customs duty and Income Tax.

Other rules and regulations regarding donations should be liberalized (Press Release of Report of HLC 2000). India’s migration and manpower policies need greater portfolio diversification both with respect to the countries of migration and the portfolio of jobs. India should explore more countries like EU, Japan, Latin America etc rather than just focusing on classical countries of immigration. India needs to liberalize its policies for skilled professionals from abroad. Also, it should ratchet-up
its efforts to reach bilateral agreements on temporary migration, especially with the industrialized countries (Kapur 2003: 447).

The importance of a 20 million (HLC 2000) strong Indian diaspora spread over all continents and oceans is well known for India’s socio-economic development. The committee toured 20 countries and held wide-ranging consultations with every section of the diaspora. The most fervent pleas made by every member of the diaspora were to provide for a single-Window mechanism for its interaction with India. Therefore, in the committee’s opinion, a coherent policy and a streamlined, single contact point organization is absolutely necessary for this purpose. The committee studied many models and came to the conclusion that an autonomous empowered organization structured on the pattern of the planning commission would be the most appropriate set up for the purpose. However, at present the government has a full-fledged ministry of Overseas Indian Affairs.

Indian diaspora has highly educated and trained personnel who hold high technical and managerial positions. They are also engaged in trade and commerce and have access to foreign markets, and also maintain contacts with the business community abroad. Earlier such Indian population was concentrated in traditional pockets of immigration countries like United States of America, Canada, United Kingdom etc, however, the distribution now is much more wide spread. Remittances by these persons form, one of the important sources of foreign exchange reserves of our country. Some of the NRIs are keen to return to the country of their origin to undertake some business activity or to set up their own industrial ventures. A sizeable number is also desirous of investing while continuing to stay abroad; a part of their savings in home country on which they might fall back on their event of return in future (Bhatt 1982: 164).

Investment Facilities

To tap this highly valuable human resource as well as their wealth for economic development of the country, Government of India has given certain incentives and concessions to PIOs/NRIs to facilitate investment in India. They have been facilitated with permission to open bank accounts, rupee accounts, Foreign currency Non-Resident (Bank) Accounts (FCNR (B) Accounts) out of funds remitted from abroad,
foreign exchange brought in from abroad or out of funds legitimately due to them in India.

Major Initiatives/incentives for NRIs and Foreign Direct Investment (FDI):

- FDI cap in the domestic airlines enhanced from 40 percent to 49%. NRI investment up to 100 percent with no direct or indirect equity participation by the foreign airlines allowed.
- FDI up to 100 percent under automatic rule for development of townships, housing, built-up infrastructures and construction development projects.
- FDI cap from 49 percent to 74 percent in basic and cellular telecom service.
- FDI permitted in FM Radio Broadcasting up to maximum of 20 percent.
- Simplification of existing procedures in FDI (Ministry of Overseas Indian Affairs: Handbook for Overseas Indians 2007: 6-7)

Besides many tax exemptions like wealth tax, gift tax. NRIs can also invest in Shares and securities, loans and overdrafts, immovable properties in India. Citizens of eight countries namely Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, France, Nepal or Bhutan, whether resident in India or not are prohibited from acquiring or transferring any immovable property in India without prior approval of RBI. NRIs can also develop Special Economic Zones. Besides these provisions, Indians can also invest under the following heads:

- Investment under Automatic Route with repatriation benefits.
- Investment with Government approval.
- Other investment with repatriation benefits.
- Investments up to 100% equity without repatriation benefits

Other investment by NRIs without repatriation benefits (Ministry of Overseas Indian Affairs: Handbook for Overseas Indians 2007: 13).
Other important schemes for the overseas Indians includes facilities like e-remittance getaway, India health initiative programs, Pravasi bharatiya bima yojna, Scholarship programme for diaspora children, Know India program, social security schemes etc (Ministry of Overseas Indian Affairs: Handbook for Overseas Indians 2007: 68-70). Let us now discuss the two most significant recommendations made by HLC in detail: celebration of Pravasi Bharatiya Divas and dual citizenship.

**Pravasi Bharatiya Divas:**

"*Vishwa Bharati Parivar ke Vissish Pratinidhigan: aap sab ko mera vandana hai, su swagatam.* [Distinguished delegates of the global Indian family: my greetings to you, welcome.]

—A.B. Vajpayee, inaugural address (Mani and Varadrajan 2005: 49)

The HLC submitted three interim reports to the Government of India, out of which one was for celebrating PBD each year on 9th January- the day Mahatma Gandhi returned to India from South Africa to lead the Indian Struggle for independence. Government accepted this recommendation, to recognize and appreciate the role of Indian diaspora in the promotion of India’s interest. The first PBD was celebrated from 9th to 11th January 2003 marking the beginning of one of the largest gathering of overseas Indian family which was organized by the Government of India and the Federation of Indian Chambers of commerce and industry. Gandhi’s leadership of Indians in South Africa, as well as of Indians in India, framed the dominant representation of NRIs and PIOs at PBD. Thus, PBD was advertised not only as an ideal venue for the diasporic subject to engage professionally with Indian business and government representatives but also as an extraordinary encounter with India itself: with the cultural monuments, religious traditions, and historic sites that India had to offer. Throughout, PBD was consistently described as an event that promoted contact not only between Indians in India and Indians abroad but also among Indians from various regions of the world (Mani and Varadrajan 2005: 50).

"Many of you — or your forefathers — left India in search of fortune or better livelihood. Today, India itself has become a land of opportunity. The benchmarks for success, which the Pravasi community has set, are a challenge for us in India. They make us examine why the Indian is so much more innovative, productive and successful abroad than in his own country. They prod us to create a business, investment and economic climate which is conducive to success as anywhere else in the world. We are prepared to respond to your expectations from India.... we do not
want your riches, we want the richness of your experience. We are aware of the slow progress in several areas of our social sector development, but we are determined to move faster than before. All in all, we are guided by the ambitious goal of making India a developed nation by 2020...." (Quoted from Baruah 2003).

Describing the "Pravasi Divas" as a homecoming, Mr. Vajpayee said it was also a "grand occasion" for India to pay tribute to its "sons and daughters" who had succeeded in reaching the "pinnacle in so many fields of human endeavor" all over the world. The Government, he said, would like to create an environment in India which will make overseas Indians want to return; and not just for sentimental or emotional reasons (Baruah 2003).

Large number of first-generation migrants among diaspora have scaled heights of achievement and found a place among international leaders in their areas of expertise. The rise of a prosperous, confident and demanding overseas Indian community in the United States and the United Kingdom since the late 1980s brought a change in the Indian government's attitude towards the Pravasi community. Indians in the U.S. began to gain in influence once they became politically active and came to be wooed as potential donors by American politicians. The remittances from expatriate Indians in the Gulf countries became an important factor in boosting the country's foreign exchange reserves. India's rediscovery of its diaspora is a process that requires the formulation of a plan of action that involves all groups of overseas Indians. Prime Minister, Atal Behari Vajpayee announced the setting up of an advisory council on pravasi affairs, which could be a forum in India with representatives of the government, public figures and representatives of overseas Indians, who could meet regularly to explore issues of common concern. It would work to sensitize opinion among the overseas community on delicate political and cultural issues, educate them on what are legitimate expectations and what are extravagant, even illogical, hopes (Kaur 2003). This is now an annual event being celebrated in cities across India. Pravasi Bharatiya Divas is a remarkable example of the novel historical, political and cultural relationship which links the Indian state with its diasporic populations in the early twenty first century. Marking a sweeping departure from the previous government policies toward NRIs and PIOs populations, the conference signals the commitment of the Indian state to the welfare of diasporic population.
So far, seven PBD conventions have been held. Every PBD convention has been valuable in addressing the concerns and expectations of the Indian overseas community. Facilities and programmes emerged from the deliberations in PBD conventions are (i) Overseas citizens of India (ii) Know India Program for diaspora youth (iii) Scholarship programs for children (iv) Overseas Indian facilitation centre to act as a one stop-shop for business investment by overseas Indians and (v) Program for Indian Women deserted by their husbands overseas etc. In 2009, the Pravasi Bhartiya Divas was celebrated from 7 to 9th January at Chennai (Tamil Nadu). Government had been making commitments towards welfare of the diasporic populations during this annual event. Without going into detail of each PBD, a look at highlights of PBD held in 2008 will help us in getting a glimpse of the efforts being taken by government in appeasing its diaspora.

Some of the highlights of PBD-2008:

➤ Announcement of the setting up of the Prime Ministers Global Advisory Council of PIOs.

➤ Setting up of the Indian Development Foundation to channelise the philanthropic propensities of the overseas Indian community.

➤ Establishment of a PIO/NRI University. Launching of the council for promotion of overseas Employment, which inter alia conducts pre-departure orientation programme and equips the emigrant workforce with requisite skill and works out bilateral arrangements with countries in need of skilled workforce with a work a view, to ensure orderly and legal immigration.

Some Quantifiable Benefits:

➤ Approximately 3,00,000 PIOs have been registered as overseas citizens of India and issued Registration certificates and universal visa.

➤ 235 PIO youth between the ages of 18 and 26 have visited India under the know India program and acquainted with the richness of our cultural heritage and saw the progress made by the country.

➤ 220 children of overseas Indian community have benefited so far from our scholarship program for diaspora (Pravasi Bharatiya Divas 2009)
What brings many thousands of delegates from around the world "back" to India for this conference are not similarities of language, religion, or kinship but, rather, imagined histories of the past and shared aspirations for the future. Moving away from a contentious history of indifference toward overseas Indian communities, the Indian state uses PBD as an opportunity to create a transnational network between diasporic populations that is nationalist in origin, character, and aspiration (Mani and Varadrajan 2005: 70).

**Overseas Citizenship of India (OCI)**

A growing body of research theorizes how states seek to incorporate their overseas populations. Within this work, dual citizenship policies are regarded with increased significance for ‘sending’ states keen to have more influence and control over transnational ties and connections. Prime Minister, Atal Behari Vajpayee while announcing Dual citizenship for PIOs remarked that:

"Indians who have chosen to settle in foreign lands should be loyal to their country of adoption. The biggest challenge facing every immigrant community is to integrate harmoniously into the political, economic and social life of the host society, while preserving and cherishing its civilisational heritage. Over the years, Indians have achieved this delicate balance virtually everywhere, without a contradiction between their adopted citizenship and their Indian identity," he told the large gathering of overseas Indians, adding that the decision on "dual citizenship" was taken in "this background". (Quoted from Baruah 2003).

The 2003 Dual Citizenship (Amendment) Bill listed 16 countries from which PIOs could apply to become a dual citizen. These included countries in Europe, Australasia and North America with both large and small Indian populations, but excluded countries in Africa, South-East Asia and the Middle-East with significant Indian populations. According to the legislation, those approved as dual citizens could travel to India without a visa, could stay for 180 days or more without registering, could invest in agriculture and industry, acquire land and property in India, and could send their children to Indian educational establishments. Dual citizens were not able to vote, run for political office, or take government jobs. While in practise the Bill offers no further additions to those rights already accorded under the earlier 'green-card' scheme, the formalization of some of the Indian overseas population in the polity represents a significant departure from its early post-independence relations with overseas Indians (Dickinson and Bailey 2007: 764).
As the size of the diaspora increases and India's economic health depends more and more on the remittances and investments channeled by NRIs, Indians overseas have created various organizations to represent their interests at both the state and international level. Groups such as the Global Organization of People of Indian Origin lobby at various levels of the Government of India to accord NRIs more official rights, from basic property protections to dual citizenship. The latter's demand has caused much debate. Initially, NRI's demands for formal citizenship association were appeased with a PIO card for foreign passport holders. The card presented a characteristic synthesis of the cultural and economic; a means of providing an emotional anchor for the NRI as well as material returns for India.

In Pravasi Bharatiya Divas, 2005, the Prime Minister made a statement on the OCI Scheme to the effect that it has been decided to extend this facility to all overseas Indians who migrated from India after 26th January, 1950, as long as their home country allows dual citizenship under the local laws. He also added that the Government would simplify the application form and format of certificate of registration of OCI and spell out the benefits being given to them. In pursuance of the Prime Minister's statement, Citizenship Act 1955 has been amended to extend the scope of OCI to PIOs of all nationalities other than Pakistan and Bangladesh that allow dual citizenship under their local laws in some form or the other. Citizenship Rules 1956 has been amended to simplify the procedure and application form for grant of OCI registration. Necessary amendments have also been carried out in the Passport (Entry into India) Act, 1920 and Registration of Foreigners Act, 1939 to spell out the following benefits to registered OCIs:

- Multi-purpose, multiple entries, lifelong visa for visiting India.
- Exemption from registration with Foreigners Regional Registration
- Officer/Foreigners Registration Officer for any length of stay in India.
- Parity with NRIs in respect of all facilities to the latter in economic, financial and educational fields except in matters relating to the acquisition of agricultural/plantation properties.

Such registered OCIs shall not be entitled to the rights conferred on a citizen of India under article 16 of Constitution with regard to equality of opportunity in matters of
public employment, election to Constitutional offices like President/Vice President/Judges of Supreme Court or High Courts/Members of Parliament or Legislative Assembly/Council or right to vote under *Representation of the People Act, 1950*.

"We speak different languages, we practise different religions, our cuisine is varied and so is our costume... yet, there is a unifying idea that binds us all together, which is the idea of Indianness," the Prime Minister said. He called it "the empire of minds of the children of Mother India spread over all continents including the icy reaches of Antarctica, on which the sun truly cannot set." (Quoted in Bhatt 2005)

The Prime Minister Manmohan Singh, said that since the initiative of 1991 to liberalize and modernize the Indian economy, successive governments had taken steps that enabled the Indians abroad to invest at home (Bhatt 2005).

Thus, dual citizenship is on offer to those who are parts of post-independence migration streams, some of whom left for educational and employment opportunities in the West. It is unavailable to descendants of those who left India as indentured labourers. Indeed, this pre-independence/post-independence structure is made more opaque in the more recent (2005) rewriting of the dual citizenship legislation, which names January 26, 1950 as the key historical moment (Ministry of Home Affairs 2005).

The coming of BJP government in 1998 turned the situation for the NRIs. Way back in 1970, some proponents of Hindutva created the Vishwa Hindu Parishad of America (VHPA) in New York City. Their main aim was to gather together the Hindus in America. They demand that the NRI give money for the VHP-RSS type activity. After the May 1998 nuclear tests, Indian-American newspapers bore advertisements that congratulated the BJP government for its audacity (Prashad 2004: 30). The Vishwa Hindu Parishad (VHP) with its branches in about eighty countries insists that “Hindus abroad should be conscious of their religion and culture, and should not forget their roots however much they integrate with their country of residence” (Katju cited in Chaturvedi 2005: 162). Thus, one observes that Indians abroad are appeased by political outfits not only for their investments but also for religious affiliations. The following section will deal with problems of Indian diasporic population in the host land.
Trials and Tribulations of Indian Diasporic Community:

The migration that took place in between fifteenth and early nineteenth century was mostly on economic grounds. The next wave of migration took place between 1834 and 1917 under a system known as “Indenture system” evolved by imperial masters. Migration under Kangani system took place to Sri Lanka, Myanmar and Malaysia. This group of people is referred as old diaspora which has little or no contact with their home country. They are moving away from their homeland’s language, culture, food, dress, cinema, and history while adopting the identity traits of the host society. Whereas waves of recent migration to Gulf countries, silicon valley and advanced countries of Europe like U.K., Germany, France, Italy etc. are designated as new diaspora and they are known as NRIs. These two categories of diaspora contrast in their patterns of emigration and destinations but also in their socio-economic backgrounds and the extent of their interaction with homeland.

Some of the problems and difficulties faced by both the categories of diaspora have been taken up, while some others are under examination of the Government of India. Immigrants often face the problem of identity at the initial stage of their settlement in the host society because of their minority status. Martin Baumann (2001: 59) provides instances of how the members of host society generally value Hindus and their religions practices as alien. He points out that Europeans treat Hindus and their religious practices “as alien, foreign, exotic, being only a tolerated but not really accepted part of European culture”. Indians fortified their identity in the host societies through their language, religion, dress, food, cuisine, cinema etc. The first settlers not only passed on these traits to their next generation but also acquainted them with history of their migration and also with the history of the home people including myths, legends and traditions.

The main demands and expectations of the Indian diaspora as expressed to the HLC are as under:-

- Removal of difficulties in immigration and customs clearance.
- Banks to facilitate for encashment of traveler's cheque etc.
- Abolition of current dual tariff structure at all points of interaction.
• They should not be compelled to make payment in US dollars.

• Removal of difficulties in remitting funds to charities in India.

• More scholarships for Indo-Fijians in technical training institutes.

• Funding for organizing seminars, kits to school teachers by the Indian-Asians/societies to spread an image of modern India.

• Facilities for teaching in Hindi (HLC Report 2002).

The links between immigrants and former homelands should be strengthened through transnational practices, transportation, tourism, telecommunication, trade and transfer of remittances. Know-how programs and scholarships for young generation of Indians resident in host countries should be encouraged and religiously followed to keep them in touch with the home society. Efforts need to be directed at dwelling further on these linkages to foster mutually beneficial and constructive relationship.

The 20 million strong Indian diaspora spread over 136 countries across all oceans and continents occupies a place of pride in all walks of life in India especially in the economic development and foreign relations. The foreign policy formulated after independence was based on Nehruvian doctrine which excluded Indian diaspora for the first 45 years. Accordingly, India could not take advantage of her rich, wealthy, highly educated and professionally skilled diaspora for 45 years. There was subtle change in foreign policy during Indira Gandhi’s regime but Indian diaspora remained excluded. The Foreign Exchange Reserves crises of 1990 woke the Indian planners and thinkers from slumber and forced them to liberalise her economy so that Indian diaspora could take part in her economic emancipation. Certain incentives and concessions, including removal of red-tapism and introduction of single window system were made. This paved the way for participation of the Indian diaspora in her motherland. They by virtue of remittances have contributed both for direct and indirect development of Indian economy. India is now the world’s top destination for remittances, with flows into the country touching US$ 17.4 billion in 2003, up from some US$ 2 billion a year in the late 1980s (International Monetary Fund, 2005). Besides financial remittances, social remittances are in the nature of flow of ideas, technologies, beliefs, world view etc. Social remittance is of permanent nature
and provides impetus to do something new. Also, many overseas Indians and overseas Indian organizations have invested significantly in the construction of schools, colleges, Dharamshalas etc. Professionals are now a days collecting funds to help their Alma matter such as IITs and IIMs. The proposed setting up of India Development Foundation will go a long way in channelising these activities.

India is in the fore-front of information technology revolutions. The success and achievements of Indian-Americans in IT sector have attracted the major multinationals to India’s potential in the IT sector. Indian diaspora provides enough opportunities in expansion of tourism in India in terms of both pilgrimage tourism and business tourism. This potential has not been studied and quantified. It is likely to be no less than financial remittances. Furthermore, diasporas can act as agents of diplomacy in terms of their potential to lobby both in the places of residence and origin. Diaspora also acts as ambassadors of goodwill and cultural heritage. Describing the overseas Indians as “global citizens” of an inter-dependent and inter-connected world, he thanked the Indians in the U.S. for their efforts in mobilizing the support of the political leadership there for cooperation in civilian nuclear energy. Dr. Singh made a special mention of the Gulf Indian workers, who account nearly 50 per cent of the $26 billion that came to the country in 2006 by way of remittances from the overseas Indians. He said the security and welfare of Indians abroad was the priority of the country’s diplomatic missions. Community leaders must have better coordination with the missions to make them more responsive to the needs of the overseas Indians. The Indian diaspora was a pluralistic community and they should inspire the world to live in peace with each other, despite diversities (The Hindu Online Jan 9 2008). Indians in the United States are also rapidly acquiring political clout commensurate with their affluence. They are now poised to play the same role for their country of origin as other immigrant groups such as the Jewish community has been to Israel. Not long ago, India was almost subjected to economic sanctions by the US Congress for perceived violations of civil rights in Jammu, Kashmir and Punjab, but now the situation is very different. In 1998, the Congress passed legislation diluting sanctions imposed by President Bill Clinton after India’s nuclear tests. In the wake of 9/11, a democracy like India or Israel can effectively present an image of a peace-loving democracy being threatened by terrorists, and receive moral, political and military support from the United States (Zhu 2007: 293).
The effects of international migration and diasporas are complex. The impact of overseas networks as sources and facilitators of trade and investment, remittances and ‘brain banks’ can be sizeable on both the country of origin as well as destination. However, the loss of scarce talent or the ‘brain drain’, which would have played key role in institution building, can also be substantial. This can range from the loss of dynamic segment of an emerging middle class on domestic entrepreneurship, to the consequences for future generations of scarce talent in universities. Their lobbying and advocacy can be beneficial for the country of origin; however, the role of diasporas as practitioners of ‘long-distance nationalism’ muddles the situation (Kapur 2003: 445).

While integration continues to be held up by India as a hallmark of a successful overseas Indian community, the emphasis is more on balancing participation in host nations with maintaining cultural and emotional connections to India:

*Indians who have chosen to settle in foreign lands should be loyal to their country of adoption. The biggest challenge facing every immigrant community is to integrate harmoniously into the political, economic and social life of the host society, while preserving and cherishing its civilizational heritage. Over the years, Indians have achieved this delicate balance virtually everywhere, without a contradiction between their adopted citizenship and their original Indian identity. (Vajpayee quoted in Baruah 2003)*

This ideal of multicultural incorporation is used as a cultural marker to justify the exclusion of some communities from the diaspora, including South African Indians. They have faced difficult circumstances in their relationship with India, including the economic and cultural embargo during apartheid. The imposition of sanctions was partly a result of India’s ardent anti-imperial stance, as they expected the South African Indian community to identify with the blacks/colored’s in their struggles against white minority rule, and not rely on India for support (Dickinson and Bailey 2007: 767-768).

The ties between India and its diaspora are still based on trans-national family relations and the private interests that the individual expatriate might have in the region/state of his origin. The NRIs have been courted by India to support mother country but the policy changes made an impression that the Indian government was
keen on keeping FDIs in general and NRI investment in particular out of India. The classification of being an Indian, as an ethnic minority in the host country further bound them to India. India excluded its diaspora in its post independence development era at the cost of certain economic loss as the diaspora could have contributed significantly to the India’s economic growth being rich and successful in the host country. Overseas Indians have always maintained relations with India either through family ties and marriage, business or commerce relations with hometown or simply by maintaining local and religious traditions. Besides political lobbying and economic contribution they can significantly help in the development of the homeland. India’s interest in its diaspora had two sources: in the older diaspora being more cultural, patchy and patronizing while its recent interest in the recent migrants being more economic and political intended to attract their capital and skills and to mobilize their political influence (Parekh 1993:10). Hence India since 2003, has been organizing PBD in recognition and appreciation of constructive economic, political and philanthropic role played by people of Indian origin all over the world. Thus, the emergence of international migration as a global force entails theories of systemic transformation of societies. Novel forms of interdependence, transnational society and bilateral and regional co-operation are transforming lives of millions of people and are inextricably weaving together the facts of state and societies. Thus, the diaspora constitutes a strategic asset to both the country of origin and destination.

CONCLUSION:

Thus, a careful scrutiny of the working of Indian diaspora around the globe leads to the conclusion that Indian diaspora is highly useful to India by way of financial and social remittances. The significant roles of Indian diaspora in the homelands’ development and foreign relations consistently reflect, and are strongly influenced by, economic development strategies as well as political history and culture of their homelands. India needs to tap the rich, wealthy and highly educated and professionally skilled human resource capital intelligently, effectively as well as compassionately. The Indian government by playing the roots card with policy changes in terms of dual citizenship has clearly indicated that it needs its diaspora. It is eager to cooperate with its diaspora in all sectors such as knowledge based industries, biotechnology research, defence etc.
To tap the strategic impact of its diaspora, India should try and channel outflows to countries that are more important global players. Also, problems and demands of PIOs resident in host countries need to be addressed so that the claims of protection of communities of Indian origin in their countries of settlement do not go unheard. For instance, Prime Minister Manmohan Singh raised the issue of rising incidents of violence against Indians with his Australian counterpart Kevin Rudd and demanded protection and security of Indians (The Times of India 30 May 2009). India thus, needs a multi-layered diaspora policy to cater to all groups of overseas Indians in order to help build an emotional bond that provides a single strand linking people of Indian origin around the world.