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Theme Paper

Engaging the Diaspora: the way forward
INTRODUCTION

India is fortunate to have the second largest diaspora in the world. People of Indian origin number over 25 million and are spread in 110 countries all over the globe. Their experiences make up a saga of heroic struggle, of single-minded determination, and of intense effort and hard work. In each segment of the world in which the Indian diaspora has made its home, it blends in with the national ethos in a peaceful and productive manner. At the same time, it stands out as a model community worthy of high respect. Overseas Indians have helped bring dramatic changes to the economies of their country of residence and have contributed vastly to knowledge and innovation. Their extraordinary courage and enterprise, their sheer hard work, and their commitment to their inherent values and ethics is much lauded and appreciated by India. Truly, the impressive achievements of the Indian diaspora have made us, as a nation, proud.

Overseas Indians have always had strong umbilical attachment to their country of origin. This is reflected in their language, cultures and traditions that have been maintained, often over centuries, and continue to be vibrant and unique. It is now being witnessed in the popularity of Bollywood dance and music on foreign shores, in the surging remittances back home, and in their increasing engagement with India’s development. The relationship between India and its children overseas has never been stronger than today, and new dimensions in partnership are evolving as it becomes ever more complex and multi-faceted.

The symbiotic connection of India and the diaspora works in both directions – the diaspora’s engagement with India as well as India’s engagement with the diaspora. The strands of both sides of the relationship can be further strengthened to create a resilient bond of robust exchange. Both India and its diaspora can actively leverage their ‘Indianness’ and common heritage to maximize their potential and gains. The dual process depends on vibrant and healthy communication between the two sides, and involves vigorous interaction. Such a process of engagement of India and its diaspora is of advantage not just to both participants but has ramifications for the global arena. It is to strengthen this process that the Pravasi Bharatiya Divas 2008 has as its theme ‘Engaging the Diaspora: The Way Forward’.

The Ministry of Overseas Indian Affairs was instituted in 2004 to promote, nurture and sustain the two-way relationship between India and its diaspora, in recognition of the fact that the diaspora has unique strengths and challenges to be addressed individually and holistically. It works to build a sustainable and mutually beneficial engagement between India and its diaspora. It focuses on creating a range of market-oriented bodies with private sector partnership to address the different issues in the engagement. It also seeks to involve the States of India as a springboard for on-the-ground action. Thus the Ministry serves as an institutional mechanism to facilitate and promote the interaction of India and the diaspora.

The Ministry is headed by Cabinet Minister Hon’ble Mr Vayalar Ravi. It is divided into four functional divisions looking after Diaspora Services, Financial Services, Employment Services and Social Services. The Protector of Emigrants oversees eight regional offices in India.
The Confederation of Indian Industry is a non-government, not-for-profit, industry-led and industry-managed development organisation. Founded over 112 years ago, it is India’s premier business association, comprising a direct membership of over 6500 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies. CII works closely with government on policy issues, and enhances efficiency, competitiveness, and business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sectoral consensus building and networking. It has partnerships with over 120 NGOs across the country for promoting integrated and inclusive development, including, among others, initiatives in health, education, livelihood, diversity management, skill development and water. CII has a global reach through 8 overseas offices and institutional partnerships with 240 counterpart organizations worldwide. It is well-positioned to act as a bridge between India and overseas Indians.

The Pravasi Bharatiya Divas was first held in 2003, and seeks to build an institutional platform for the communication and interaction of India and overseas Indians. Over the years, it has brought together eminent PIO/NRI from all walks of life in a constructive dialogue with the Indian Government. It is attended by over a thousand delegates from all over the world, including political leaders, businessmen and entrepreneurs, academics and intellectuals, and cultural personalities.

Many key initiatives have been inspired from this and other engagements, perhaps the most formidable of which has been the Overseas Citizen of India card given to PIO, and their spouses, who can claim an Indian ancestor up to great-grandparent level. Several administrative and procedural issues have been sorted out through the years, and problems addressed. Some of the prominent initiatives taken by the Government include:

- Institution of the Pravasi Bharatiya Samman Awards to honour outstanding contributions by PIO in their home country
- Establishment of an Overseas Indian Facilitation Center in partnership with the CII
- A PIO university to be established
- Know India program for young PIO
- Counseling offices to be opened for overseas workers and Council for Promotion of Overseas Employment approved
- Indian missions abroad to have officers dealing with issues of overseas Indians

PBD 2008 seeks to carry forward these initiatives and strengthen partnerships for the economic, social and cultural engagement of overseas Indians with India.

Social and cultural engagement

India’s development story is today fast-paced and rapidly evolving. High growth of the past two decades has resulted in a class of wealthy entrepreneurs, and the number of High Net Worth families, or dollar millionaires, has crossed 100,000. Yet a large chunk of the population still exists on less than a dollar a day, and has little access to employment, education and health facilities that would enhance their productivity.

In recent years, the Government of India has been able to substantially increase spending on social issues, addressing particularly vulnerable sections of society. It has set for itself impressive targets in accordance with the Millennium Development Goals of the United Nations which
are to be achieved by 2015. Large-scale programs such as the universal primary education mission - the Sarva Shiksha Abhiyan - the mid-day meal plan, or the National Rural Health Mission are providing succor to millions of children and rural denizens today, with notable success. However, mere funds are not sufficient to accelerate progress in human development indicators. Efficient and effective delivery models have to be in place and these are sometimes lacking, especially in remote and rural areas of the country.

PIO/NRI have exhibited impressive interest in engaging with the social development story of India. Many success stories are to be found all over the country where PIO/NRI have transformed entire villages and their human development parameters. Their knowledge and expertise, and invaluable innovative talents can assist in developing new models for development.

Philanthropy from overseas Indians is rising, and is visible in the large sums of money that are raised for charities in India through fund-raising events overseas. Many NGOs have received vital funds for their developmental activities through this route, and the uptrend has helped several civil society organizations to reach large scale, infuse professional management into their operations, and impact the lives of millions of disadvantaged persons.

More PIO/NRI are willing to contribute both in terms of funds as well as in terms of time, energy and knowledge resources. PBD 2008 will explore the best practices prevailing in existing ventures and profile the outstanding engagements made by the diaspora in philanthropy and knowledge transfer. The role of the American Association of Physicians of Indian Origin, the second largest medical association in the US, in medical education and intervention is of particular interest for PIO/NRI looking for engagement options in India.

**Economic engagement**

Economic engagement of PIO/NRI with India derives from two recent developments: rapid growth of the Indian economy at annual average of 8.6% over the past four years, and enhancement of wealth of diaspora. Overseas Indians are now increasingly examining opportunities for investing or doing business in India. The forces of globalization and India’s more extensive engagement with the global economy are also fueling interest in trade and asset ownership. Opportunities also arise from the fast pace at which multinational companies are entering the country to set up production or research centers. Suddenly, Indian professionals working in these companies are much sought after for their understanding of India’s market and business environment.

India welcomes all foreign investment, including from PIO/NRI. After the economic reform process was instituted in 1991, there has been progressive liberalization of the sectors and the permissible proportions for FDI entry. At this time, almost all sectors are open for 100% FDI under the automatic route, or without prior approval from relevant authorities. Some sectors have limits on the proportion of FDI in equity investment, and a few, such as multi-brand retail are not open to overseas funds. Foreign Institutional Investors (FII) find India’s soaring stock exchanges to be particularly worthy of investment, and net FII investment has only recently been surpassed by FDI. FII investment reflects the growing capability of the Indian corporate, and is a mark of confidence in the overall economy.
However, for PIO/NRI, there is an information gap that has to be surmounted before they can follow this route. The lack of information often leads to investments being made not in India but in other countries, despite the connections that overseas Indians might have through friends and relatives in India. It is to overcome this chasm that the Overseas Indian Facilitation Center (OIFC) [www.oifc.in] has been established as a collaborative arrangement between MOIA and CII.

Manned by CII, which through its international trade activities has long experience of bringing together overseas businesses and Indian companies, the OIFC is envisaged as a one-stop shop for assisting PIO/NRI to place their funds in India. To begin with, the services provided relate to Investment Information Services, Real Estate Information Services and Taxation and FDI Information Services. These are detailed later in this paper.

Business-to-business relationships are another area of economic partnership between Indian companies and overseas Indians. Indian companies are robust in not just the services sector but also in manufacturing. Of particular interest to overseas investors from the PIO/NRI community could be the vibrant enterprises in the Small and Medium Enterprises (SME) category. Producing two-fifths of India’s output and contributing over half of its exports in direct and indirect terms, these are the frontrunners of the great Indian entrepreneurial class. At the same time, they are harbingers of new technology and innovation, and can adapt to changing global conditions. For overseas Indians who may wish to make small investments, these SME afford high and fast returns.

PBD 2008 will have a special ‘Marketplace’ to showcase Indian companies and their products. The Marketplace will act as a source of information as well as help network and connect Indian businesses with overseas businessmen.

**Conclusion**

It cannot be too often reiterated that the process of engagement of India with its vast diaspora is of mutual advantage. India seeks to engage with its people in other countries in the same intense and committed manner that the diaspora wishes to engage in the land of its forebears. The country can do as much for its children as they can contribute to it. Gone are the days when the relationship between the two sides was largely tangential, and engagement was marginalised.

Today as a new India seeks to become a global player of significance, it needs to rely on its huge human asset base in other countries, people who have already contributed vastly to their countries of residence in economic, social and political dimensions. The diaspora, replete with diverse experiences and a repository of unique talents, is an invaluable link of understanding between India and a multitude of nations, each with their own cultures and manners.

Pravasi Bharatiya Divas 2008, the sixth in the series, will strengthen and consolidate the process of engagement between the two sides in this extraordinary partnership.
1. Extend a wider range of benefits to overseas citizens of India including allowing overseas Indian doctors to practice in India.

2. Establish an overseas Indian Facilitation Centre to provide need based services to Overseas Indians.

3. NRIs should seek constructive engagement with the country. The NRI community could institute a prize for excellence on the lines of the Sir MacArthur Genius Award in the USA.

4. Establish a foundation to facilitate philanthropic contributions by Overseas Indians for the social development of India.

5. Expedite voting rights for NRIs.

6. Simplify and streamline the process for issue of OCI & PIO cards

7. The NRI community must become a knowledge partner in India’s development. To facilitate this the government should establish an institutional mechanism to receive such knowledge.

8. Develop a project in Kolkata to commemorate the trials & tribulations of the indentured laborers

9. Amend the Foreign Contribution Regulation Act (FCRA) to facilitate overseas Indians philanthropy.

10. Prepare and publish an atlas of PIO communities

11. ‘Tracing the root’ streamline and expand the programme

12. Overseas Indians must form a consortium to develop and promote an Indian Humanities Foundation.

13. Establish a PIO University.

14. India must become a signatory to the Hague conference and the convention on civil aspects of international child adoption.

15. Simplify the child adoption laws.

16. Introduce resettlement programmes for Gulf returnees.

17. Establish state of the art skill upgradation facilities and an appropriate programme for overseas job-seekers

18. Design appropriate financial instruments and products to promote Overseas Indian investments over the longer term.

19. Different locations around the world should be selected to hold mini PBD conferences where the lesser privileged PIOs could participate.

20. There is a need to engage talented Overseas Indians youth in the task of knowledge acquisition, knowledge imparting, knowledge creation and knowledge sharing.
India currently stands at a unique point in its developmental history. Its population of 1.1 billion is at the start of a steep upward curve during which the age-dependency ratio, or the proportion of those in the age-group 15-60 years relative to the non-working age group, will fall for several decades before it starts rising again.

In the developmental experience of nations, this period of declining age-dependency ratio has been co-terminal with periods of high growth as workers’ savings rise. Young populations in countries such as Japan, Germany, and the East Asian tiger economies have boosted growth rates to transform economies within the space of a single generation.

However, these countries have first laid a strong foundation of human development before embarking on their demographic transition periods. Thus they have been able to develop before their populations started aging. For India, the problem might well be that aging comes before development, in which case the opportunity for rapid development will be lost forever. The country is expected to add 71 million new entrants to its working age population, bringing it up to 762 million in the next five years. One third of the population is currently below the age of 15, needing access to proper nutrition and education in order to grow up as productive members of the workforce.

India has yet to achieve universal literacy and access to basic healthcare facilities for the general population. Moreover, the advance of technology has shortened the time period available before the age-dependency ratio starts rising again. By 2016, 9% of the population will be over 60 years of age, translating into 118 million requiring pension and healthcare. This proportion will further increase with the years.

Consider some of the stark statistics: 57 infants per every 1,000 of those born alive die before the age of one. Almost half the children under the age of three are malnourished, twice the percentage in sub-Saharan Africa. In states such as Madhya Pradesh, child malnutrition rates are even higher. Estimates indicate that malnutrition detracts as much as 2-3% from India’s GDP growth rate, while progress in reducing the rate is amazingly slow. It is these children, stunted by lack of adequate vitamins and proteins in their diet, who will form the workforce of the future.

India’s civil society has taken up the cudgels for social development, and the government is raising social spending by many times. Overseas Indians have been engaging in their own different ways in social development of India. This section profiles the sectors of health and education in India and examines some best practices in intervention by overseas Indians.

Health

India has made some progress since Independence, with life expectancy going up from 32 years to double that in 2004. According to the National Family Health Survey of 2005-06, the fertility rate has come down from 3.4 in
hospital for effective curative care and made measurable and accountable to the community through Indian Public Health Standards (IPHS); integration of vertical Health & Family Welfare Programmes and Funds for optimal utilization of funds and infrastructure; and strengthening delivery of primary healthcare through panchayats.

The 11th Plan aims to raise substantially the level of public spending in health. It is estimated to go up to 2% of GDP by 2012, with the NRHM remaining the centerpiece of the Government’s interventions. However, NGOs and civil society as well as the private sector need to carve out a substantial role for themselves in healthcare, especially in delivery of effective and efficient solutions.

Initiatives by overseas Indians

Among the many efforts being undertaken by overseas Indians, the initiative of the American Association of Physicians of Indian Origin (AAPI) is noteworthy. Representing 45,000 physicians and medicine students of Indian origin in the US, AAPI has been active in contributing to India’s health sector. It runs 15 free clinics in different states of India addressing a population of one million persons. In times of natural disasters such as the tsunami, AAPI has sent doctors as well as supplies to help in the medical field and in rehabilitation of affected people. It has been conducting talks with the government on medical education, training of trainers for TB, HIV/AIDS and diabetes, and proposes to commence activities in one village each of Andhra Pradesh and Bihar as pilot projects. These initiatives will be scaled up in coming years. A health summit is also being held by AAPI in order to discuss the possible interventions that overseas Indian physicians can take. AAPI is involved in curriculum development for medical schools as well and has been discussing new teaching methods with the Indian
Medical Association and the Medical Council of India. The Association is keen to work with other NGOs in the medical field to expand its activities in India.

The Public Health Foundation of India (PHFI) has also been in the forefront of policy development and medical assistance. Realising the need for preventive and promotional health rather than curative methods, a partnership of the government, civil society, overseas Indians and the private sector was initiated. Led by Mr Rajat Gupta, Senior Partner Worldwide, McKinsey and Co., PHFI has been engaged in setting standards for public health education and establishing institutes for public health, a field which has few professionals in India. It also proposes to engage in public health research, in order to determine the social and cultural factors that impact community health. Thus, the

AAPI Charitable Foundation is a non-profit division of the Association of American Physicians of Indian Origin. It represents over 40,000 practicing physicians and over 10,000 medical students and residents.

AAPI-CF is committed to serve the poorest of the poor in remote areas of India and USA. It has 15 free clinics in different states of India which serve a base of over a million patients annually and which also provide outreach programs for disease prevention and education. AAPI is always present when calamities strike whether it is the Tsunami, Katrina, or Earthquakes of Gujarat and Maharashtra.

In addition, AAPI-CF grants scholarships to visiting specialists so that they may further their knowledge and skills in helping the deprived and indigent.

AAPI-CF is eager to share charitable work with other NGOs (Non-Government Organizations). The aim of AAPI-CF is to open one free clinic in each state of India and the US. AAPI-CF’s annual budget is $180,000. It is registered with the IRS as a non-profit organization.

Clinics in India

Orissa - Sambalpur :

- mother and child clinic
- have near zero infant mortality for last 6 years from 28 days to 1 year
- ambulance available
- door-to-door maternity care is done
- see about 2,100 patients monthly
- HIV screening is done, lab is available
- service more than 20 villages
- doctors including mid-wives are involved
Foundation has helped shape public policy in health and is also assisting the Government in training of the assistant health officers needed for the NRHM. It has revealed the success of public private partnerships.

Besides these major endeavors, smaller groups of physicians of Indian origin from across the UK, Canada and USA have been involved on a regular basis in health initiatives. Teams are organized to set up mobile clinics and examine patients free of cost at villages. Simple surgeries and procedures are carried out in camps. Doctors in rural areas are invited to learn the newest techniques in medical science. Such small-scale initiatives are funded by the doctors themselves or with assistance from fellow Indians overseas, and they bring vast relief to hundreds of destitute people, while at the same time imparting a deep sense of fulfillment and philanthropy to overseas Indian physicians.

Malnutrition remedies and health education are not capital intensive and require only small support, either financial or professional. Often the difference between an infant dying or surviving in its first few days of existence is a matter of correct information on breast-feeding or boiling water. Diarrhoeal diseases can be overcome through simple hygiene practices, while dysentery, that can claim lives, is curable through regular and easy access to free Oral Rehydration Solution packs. Malaria has been found to have been dramatically reduced by use of inexpensive mosquito nets. Interventions in these areas in particular villages can help bring about visible change in health conditions, especially of women and children.

Overseas Indians can contribute by way of knowledge, skills and experience in the Indian health sector. There is need to engage at the village level or at the block level in order to make visible impact on lives of poor people.

At the other end of the spectrum, overseas Indians can avail of the excellent medical facilities now available in India. The private sector has set up state-of-the-art hospitals and referral clinics in various parts of India. Medical tourism already witnesses over 100,000 patients coming to India for low-cost high-quality elective surgeries, combined with excellent post-surgical care and actual tourism. The Indian medical tourism sector has the potential to grow into a $2 billion industry by 2012, leveraging low operation costs as compared to developed countries.

For overseas Indians, coming to India for medical treatment makes eminent sense in view of long waiting lists in developed countries, uncertain medical expertise in developing countries, and the vast experience of Indian doctors as well as common cultural ethos. PIO can also consider investment in building hospitals in India to build special medical infrastructure for overseas Indian patients.

**Education**

India’s education system suffers from dire shortages of schools, classrooms and teachers. Existing schools lack basic infrastructure such as toilets for girls, chairs and tables, blackboards, or even chalk and slates. Often schools are conducted in the shade of a tree, students seated in neat lines on the raw ground.

Under the Government's Sarva Shiksha Abhiyan, or Universal Elementary Education program, the number of primary schools increased from 642000 to 767520 in 1999-2000 to 2004-05, or an increase of 125000. 98.5% of the rural population now has access to schools within a kilometer, and 86% is served by a secondary
school within 3 km. Enrolment at the primary level went up from 113.6 million to 131.7 million, and at the secondary level from 42 million to 52 million. More heartening has been the fact that girls’s enrolment has increased faster than that of boys, at an annual 5.2% in primary grades and 6.5% in secondary school. Drop-out rates for all children have also fallen from 40% to 28% in classes 1-5. However, only half the children enrolled complete secondary school.

Literacy rates are currently 70 per cent, but the definition of literacy needs to be revised from ‘those able to write their own names in any language’. Studies have revealed that the mean achievement in Maths in Class V was only 46%, while 17 Indian states have even lower rates than the average. Students have inadequate abilities to read and carry out simple mathematical operations.

At the post-school level, less than 5% of the population has had any kind of skill training. Enrolment in universities stands at below 10%, while in developed countries, the rate is as high as 50%. The shortage of universities and colleges for technical training has led to flight of students from India to other countries – USA has over 80,000 students from India enrolled in its colleges, the most from any country. It is estimated that some $4 billion is spent by Indians on education overseas annually. While 3 million students graduate from Indian universities each year, only about 25% of engineering graduates and 10-15% of general college graduates are considered suitable for employment in the offshore IT industry, according to a recent study by Nasscom.

The Government now proposes to expand its education initiatives manifold in the 11th Plan. Public spending on education, at 3.7% of GDP now, is expected to go up five times the amount that was spent in the 10th Plan. 6000 model schools in all the Blocks, 30 new Central Universities, 370 new colleges in educationally backward districts, expansion in the number of IITs, IIMs, IIITs and IISERs and universalisation of secondary education are the targets for the new Plan.

PBD 2007 had recommended that a fund be set up for contributions by the diaspora in the education field which would be managed substantially by PIO with support from the government.

Initiatives by overseas Indians

The key success story of the intervention of the diaspora in education has been the Indian School of Business in Hyderabad. ISB was conceived in 1995 and the first batch of students joined in 2001. By now it has become a center of excellence for management studies and maintains close links with international business colleges and academics. Led by prominent overseas Indians as well as Indian corporate leaders, the ISB has again demonstrated the efficacy of partnership, this time between India’s private sector and the diaspora.

The Indian School of Business evolved from the need for a world class business school in Asia. Our founders- some of the best minds from the corporate and academic worlds- visualised the leadership needs of emerging Asian economies. They recognised that the rapidly changing business landscape would require young leaders with an understanding of evolving economies, but also with a global perspective. The ISB is committed to its role in creating such leaders through its innovative programmes, outstanding faculty and thought leadership.
Our vision is to become an internationally top-ranked, research-driven, independent management institution that grooms future leaders for India and the world. Funded entirely by private corporations, foundations and individuals from around the world, who believe in its vision, the ISB was conceived as a not for profit organization.

**GOPIO.Connect**

Help accelerate Global NRI/PIO contribution to India’s Development and fulfill its 2020 vision of a Developed Country.

**The five-point goals of GOPIO.Connect Initiative are:**

1. Capture and understand key DEVELOPMENT NEED AREAS in India where NRI/PIO community can help.
2. Interactive sessions with NRI/PIO run Civil service organizations on India Development Issues to widen awareness.
3. Research on key Development-related LAWS and highlight their enforcement issues for NRI/PIOs.
4. Execute Development Projects in India.
5. Encourage NRI/PIOs to research key Development-related trends in India at academic institutions to facilitate new policy recommendations in various Government Ministries.
6. Address, whenever possible, other issues affecting human life such as health care, environment, socio-economic aspects and women’s issues.

In the summer of 1991, a few students including V.J.P.Srivatsavoy, D. Gupta, and S. Pandey got together to think of ways in which they could play a role in the development of India, the country of their origin. These young people shared the belief that education is a critical requisite and an effective catalyst for social and economic change in India. Basic education became the agenda for the action group that emerged from this gathering. The group was named Asha to represent the hope that had brought these individuals together and the hope that they aimed to bring into the lives of children in India. In that summer of 1991, Asha was born at the University of California in Berkeley.

Asha for Education is a secular organization dedicated to change in India by focusing on basic education in the belief that education is a critical requisite for socio-economic change.

In keeping with this focus, our volunteers are involved with and support projects that are secular and have an education-related component to them. The objectives of this group are:

1. To provide education to underprivileged children in India.
2. To encourage the formation of various local groups across the world to reach out to larger sections of the population.
3. To support and cooperate with persons and groups already engaged in similar activities.
4. To raise the required human and other resources to achieve the group objectives.
5. To provide opportunities to individuals living outside India who wish to participate in Asha activities in India.
6. To address, whenever possible, other issues affecting human life such as health care, environment, socio-economic aspects and women’s issues.

Apart from helping to set up schools and colleges, overseas Indians can also develop programs for student and academic exchanges in order to help update teachers on new methods of learning and of the most recent advances in
their fields. Websites can be established to help connect education institutes in India with counterparts in other countries.

Indicative initiatives that can be taken to assist in the education field in India by diaspora include:

- Donating books and educational supplies to schools, especially rural primary schools
- Funding buildings, toilets, and libraries in schools and colleges
- Providing computers and educational equipment
- Providing training to teachers in rural schools on better education techniques
- Providing scholarships to individual students
- Motivating students and spending time with them for raising their awareness and answering their queries about the outside world. Such interaction broadens the horizons of students
- Encouraging communities to send children especially girls to schools
- Engaging overseas Indian youth to do volunteer work in rural schools for teaching English, Science or art. This adds to their resumes for college applications as well.
- Developing partnerships with colleges and universities for exchanges and lectures
- Endowing chairs

Many overseas Indians are also coming to India for higher education. The Government has proposed the establishment of a university for PIO with the help and support of the overseas Indian community.

A major policy option would be to involve the diaspora in the following ways:

- Create a network of diaspora academicians in the social sciences and liberal arts and get them involved in up-gradation of syllabus and teaching styles
- Start a ‘teach a semester in India’ program for diaspora academicians so that Indian students in small-town universities can be exposed to world-class teachers. Additional resources raised from better management of subsidies can be used to make this a financially viable option. The program is bound to fail if it is purely based on a sense of charity on part of the diaspora. The opportunity cost of the diaspora academic of spending a semester (or a summer) in India has to be taken into account, if not wholly, then substantially.
- Start a ‘adopt a library’ program whereby diaspora academicians and diaspora based alumni networks contribute towards making available world-class reading material online through journal and other educational material subscriptions.
- Combine the three-year traditional classroom syllabi with online courses offered in tie-ups with institutes imparting applied work-place skills. The diaspora can play huge role in setting up (in terms of capital) and providing the human resources (teachers) for these online institutes. Indian diaspora professionals can teach part-time or provide consultancy to such online institutes. The government will have to allow the tie-up with such private institutes and find a way to regulate the combination of a three-year general degree with the online education specialization. In other words, diaspora specific FDI in the education sector (whether complete or with some joint-venture requirements with Indian partners) will have to be allowed as a first-step.
In all fields, be it academia, business, scientific, social or political, the Indian diaspora has distinguished itself as a font of knowledge, creativity and innovation. Overseas Indians form a formidable knowledge cohort and an unlimited reservoir for India to draw upon for talent, expertise, and advice.

Today, Indian technologists, scientists and engineers are to be found all over the world, at the cutting-edge of knowledge industries. More significantly, India itself is leveraging its human resource talent to emerge as a global hub for product and process R&D, design, engineering processing and other activities. In 2006, 15,000 scientists in India were employed by top R&D multinationals. Companies like Microsoft and Dell have made India their largest development center outside the US. Bangalore, Hyderabad and Mumbai account for a significant share of the $50 billion invested in R&D projects around the world by multinationals between 2002 and 2005.

Indian scientists are engaged in projects ranging from space technology to stem cell research. India is one of the seven countries partnering to develop processes for fusion reactions under the project of the International Thermonuclear Experimental Reactor. India is also part of the FutureGen Industry Alliance to develop clean energy from coal. Most of the top 20 international pharma companies have operations in India. The race for research for new drugs is being pursued, with top Indian pharma majors involved in developing drugs for diabetes, malaria and others.

In the life sciences space, clinical research, biotechnology, and medical tourism are the other fast-expanding industries, buoyed by the strength of available talent. Biotechnology exports have crossed $1.2 billion in 2006-07, and are expected to reach total revenues of $5 billion by 2010, growing at over 30% annually. Science and technology is also emerging as a rapidly-growing sector. India is the only developing country to have launched its own satellites and conducts launches for other countries as well. It has developed its own remote sensing satellite and is entering into international collaborations for space research. It has also initiated a mission for the moon, termed Chandrayan.

Design and engineering is another field in which Indian scientists have gained expertise. Auto component design, chipsets, as well as household durables are now being designed in India in centers set up by international companies such as Intel, GE, Dell and others. Chip designing has 200 companies operating, and the revenues from this are expected to cross $ 2 billion by 2010.

Under these circumstances of converging strengths, the partnership of the Indian diaspora with the Indian knowledge economy is a natural synergy.

Overseas Indians are leading the march towards India becoming a knowledge hub for the world. Many Indians are heading back to India to take up jobs here, while others are leading their companies’ interaction with the country. This has added tremendously to India’s knowledge skills and resources.
National Knowledge Commission Chairman Sam Pitroda is examining new ways of expanding and strengthening India’s knowledge acumen. Five areas have been identified, including access to knowledge, knowledge concepts, knowledge creation, knowledge applications, and role of knowledge in e-governance. Reports and recommendations are being prepared on each of these areas for the consideration of the Prime Minister. The focus areas of the NKC include literacy, all levels of basic, post-school and higher education, special areas such as management and medical education, libraries, traditional knowledge and e-governance.

According to Dr Pitroda, delivery of education requires new thinking and new models of learning. Distance learning and delivery over the Internet must be increasingly considered as viable options in order to overcome the reluctance of teachers to go to remote areas of the country. The role of the teacher and ways of teaching must be changed to fit new circumstances and advances in technology. The task of making India a knowledge society is huge, but can be achieved within a generation.

Given that the Indian economy is growing at 6-8% per year, while exports are growing at 30% CAGR, and many Indian firms are successfully competing against international firms and brands, it can be concluded that this has been made possible by a combination of enabling environment, rising capital and labour productivity, improved quality of goods and services at lower cost, etc. In the growth of quality and quantity of Indian economy, Innovation is a key driver, although this may neither be apparent nor readily visible.

The National Knowledge Commission seeks to explore and discover how Innovations are taking place, driving growth and improving competitiveness in various sectors of the Indian economy, with a view to replicate and further enhance India’s Innovation intensity, and to acknowledge the changing government mindset and explore its role as an innovation enabler. The National Knowledge Commission envisages a national innovation system, where entrepreneurship at the local and national levels is encouraged, and inter-disciplinary studies in S&T are undertaken in order to encourage new approaches and methodologies. In order to explore this sector, the NKC proposes to undertake a survey, seeking answers from key players from each of these sectors, as well as hold a series of workshops with key players in each of the sectors.

http://www.knowledgecommission.gov.in/focus/innovation.asp

Within this effort, the Indian diaspora with its unique knowledge capacity can play a very pertinent and effective role. The Indian School of Business, mentioned in the preceding section, has already demonstrated the efficacy of diaspora intervention in expanding knowledge frontiers in India. It regularly brings eminent overseas Indians to participate in lectures and seminars for its students, faculty and researchers. Such interaction with the outside world helps expand the horizons of its management students.

At the Indian School of Business we have an environment that generates high-quality research which is both contemporary and rigorous. Our industry and academic associations, and an opportunity to work in the fast growing economies attract faculty and research fellows of international repute to the school. Conferences, seminars and workshops are a regular feature at the campus providing a forum for presenting research work and discussing
important issues of global interest. These events bring together academics, corporates and policymakers and are an opportunity to network and learn.

http://www.isb.edu/intermediatepages/Conferences.shtml

Some ways in which the overseas Indian community can help in making India a knowledge economy could be:

- Engage with leading colleges and universities for sharing of knowledge, especially private institutions
- Initiate partnerships for research
- Build platform for translating research into market
- Bring research projects to Indian colleges and universities
- Endow colleges and universities with grants
- Assist meritorious students from deprived backgrounds to get admissions and scholarships in universities abroad
- Sponsor college fees and living expenses for high-caliber students of impoverished means
- Supply educational material, books and equipment to colleges and universities

At the same time, there is much that India can do for overseas Indians by way of knowledge expansion and knowledge management. The proposal for a university for overseas Indians has made considerable progress and is slated to commence within the year. The Government has moved rapidly on this suggestion from overseas Indians and has already sought tenders from PIO and other parties with experience to set up the university.

At the PBD held in New York in September 2007, there was also a suggestion that universities and libraries in other countries be given more material on India as it was found that books and magazines from the country were not easily available to the public. This is being actioned.

Many overseas Indians are returning to the country to take up jobs or settle down. Anecdotal evidence suggests that second-generation and third-generation youth who have grown up outside the country are also seeking to strengthen their connection with India by accepting employment or internships in the country. The government and the private sector could encourage this process by offering jobs as well as making it easier for them to get work visas and other permits for working in India. Indian universities could also offer internships or visiting lecturer status for short periods to those interested and qualified.

These initiatives would strengthen the exchange of knowledge between India and overseas Indians.
India is immensely fortunate to have a civilisational heritage that goes back millennia. This legacy imparts Indians with a strong measure of identity, self-confidence and security. Much of what a nation’s denizens feel about themselves derives from the richness of its culture, the strength of its national ethos, and the vibrancy of its history.

This civilisational heritage remains ingrained in Indians despite settling overseas, and continues to be reflected in languages, festivals, rituals, values, cuisines and other traditions followed over generations. The Indian diaspora, wherever situated, has been able to adhere to its original cultures and traditions, maintaining lifestyles that are similar to ones followed in India. It has been instrumental in keeping alive India’s customs over the years in different parts of the world. In fact, the diaspora has added uniqueness to existing traditions by melding them with local practices, thereby introducing rich new cultural facets to the world that are solely their own.

In an increasingly technology driven world, it is both easier as well as more difficult to keep alive connectivity with India’s culture overseas. On the one hand, music, dance, and movies are abundantly available over the Internet and other media. On the other, rapidly changing lifestyles leave little time for overseas Indian, particularly youth, to indulge in cultural activities.

The good news is that Indian culture is finding a market overseas and becoming popular among non-Indian aficionados as well. Diwali is now as much an international festival as Christmas. The US Congress has recognised Diwali, while the festival is widely celebrated across countries such as Malaysia, South Africa, and UK by all communities. Indian fashion and designs are entering the ramps of high couture in France, USA and UK. Bollywood movies are screened in cinemas across South East Asia, Japan, West Asia and Africa. The most popular songs from these films are hummed all over the world, while discotheques feature lively Indipop. Indian art is sought after in international auction houses, and handicrafts and embroidery from all over the country are being revived in global shopping chains.

The Indian Council for Cultural Relations (ICCR) regularly organises classical dance and music concerts overseas. Troupes of artists are taken all over the world to perform for international audiences. Besides, the Indian embassies and other missions also organise fashion shows, handicraft exhibitions and film festivals. The recent Incredible India@60 cultural fest in New York was a resounding success, drawing large crowds of people at folk performances and modern Indian songs by top artists at popular outdoor venues.

The Confederation of Indian Industry has also been deeply involved in a comprehensive brand-building exercise for the country that includes art, dance and music performances overseas. Private entrepreneurs also often hold film shows overseas. These efforts at public diplomacy by the government and the private sector are aimed
at building a new image of India as a modern country rapidly progressing on the path to development.

India offers a huge variety of culture to visitors in every field, a diversity of experiences that few other countries can match. Bounded by the highest mountain range in the world, the Himalayas, in the north, and the Indian Ocean in the south, the Indian subcontinent has evolved over centuries into a multi-dimensional ethos.

For visitors, India presents an array of must-see, must-do experiences. History abounds in the magnificent forts, palaces and temples present in all parts of the country. Natural beauty and adventures are to be found in the foothills of the Himalayas, the pristine beaches of coastal India, and the gushing mountain rivers. Classical dance and music, with origins in ancient Hindu texts and more recent Mughal patronage, can touch the soul, while art ranges from graceful sculptures of old temples to modern paintings captivating aficionados all over the world. Each part of India has its own unique handicrafts and its own distinct and delicious cuisine, almost like simultaneously visiting several different countries.

Among popular tourist destinations, Rajasthan in the desert north-west is visited for its majestic hill-top ramparts and exquisitely carved windows, its colourful and vibrant ethnic designs, and its sunset camel safaris. Kerala in the south has lush lagoon backwaters and ayurvedic healing and de-stressing to offer. The mystical north-east of India, home to the mighty Brahmaputra river, presents gentle misty hillsides with British-era tea plantations and vibrant tribal cultures of its many indigenous people to the adventurous tourist. Uttar Pradesh is known for the famous Taj Mahal, whose indescribable wonders can only be gleaned through a personal visit. The magnificent Mughal forts of Akbar and Shahjahan are also located here as well as several lovely tombs of their officials and nobles. Bihar has Buddhist shrines and universities for the religious tourist.

Overseas Indians can assist in the exercise of building Brand India in the following ways:

- Invite non-Indians to festivals and performances
- Organise small seminars and workshops on Indian culture
- Assist local governments in holding cultural festivals
- Use Indian arts and artefacts in their houses and be able to explain them to visitors
- Encourage friends to visit India
- Hold events to keep overseas Indian youth engaged with India
- Participate with children in Indian cultural organisations
- Organise language, dance and music classes for Indian youth

The Ministry of Overseas Indian Affairs has commenced a ‘Know India’ program to help overseas Indian youth travel to India and learn more about the country. First started as a pilot project, the success of this venture as well as the demand from the Indian diaspora has led to expansion of the program. This could become a highly effective means for Indian youth to engage with India during a gap year in their education or as a way to expand their cultural horizons.

Overseas Indians are encouraged to participate actively in this program and help to expand it.
India’s rich folklore and mythology are replete with instances reflecting the respect and honor that have always been accorded to its women. In ancient times, women were expected to sit side by side with their men during important rituals and prayers, advise them on issues ranging from business to family matters, and participate actively in arts and music. The traditional position of gender equality has been maintained in Independent India’s Constitutional rights and freedoms granted to women.

India was one of the first countries to give its women the right to vote, and guarantees their right to equality. The Constitution of India, one of the most progressive documents of its time, abjures any discrimination on the basis of gender, yet states that this non-discrimination cannot stand in the way of special affirmative action programs for women. It also calls for measures to promote harmony and to renounce practices derogatory to the dignity of women.

So where do women stand sixty years after Independence?

Bolstered by cataclysmic social, economic, and technology changes in the world, Indian women today have carved out their own unique space in their country’s history and left their mark in all walks of life. The recent Forbes list of the world’s 100 most powerful women had two Indian ladies in the top ten, Sonia Gandhi, leader of India’s ruling Congress-led combine, and Indra Nooyi, chairman and chief executive of Pepsico. Three women chief ministers are leading state governments, bringing fresh ideas and more responsive governance into federal administration.

Women have attained summit heights in the fields of music, dance, literature and art, recognized globally for their achievements. Two Booker Prize winners in the recent past have been Indian women, Arundhati Roy and Kiran Desai. Indian classical dancers, such as Shovana Narayan and Sonal Mansingh, have captivated audiences across the globe with their scintillating performances. Film stars Aishwarya Rai, Preity Zinta and others give voice to the dreams of millions of women, not just in India, but all over the world.

In business, women entrepreneurs have moved from the earlier role of being forced to lead an organization due to the death or incapacity of the primary male owner, to choosing to establish businesses to meet their career expectations. Many women have emerged from experiments in their kitchen to enter into business, expanding the enterprise stage by stage to reach brand icon status. Shahnaz Hussain and Tarla Dalal are two such examples who have built their traditional strengths into well-recognized entities. Kiran Mazumdar Shaw has translated her training in brewery into a multi-billion dollar global biotechnology corporate, and pioneered the concept of the scientific entrepreneur in India.

More critical, at the grassroots level, over one million Indian women are holding the posts of elected village heads, articulating the aspirations
of 322 million female voters in rural development. Contrary to fears that they would be rubber-stamp leaders, they are transforming local governance by sensitizing the State to issues of poverty, inequality and gender justice as also issues that were largely unacknowledged, including water, alcohol abuse, education, health and domestic violence. Through self-confidence, political awareness and affirmation of their own identity, these women are asserting control over resources and officials as well as discovering a personal and collective power that was previously unimaginable.

Leading the success of the micro-credit movement in India, self-help groups of women now number in excess of 100,000, empowering 2.5 million women and helping them convert billions of rupees savings into income generating projects. Two-thirds of women in the rural workforce are engaged in self-employment, attesting to the entrepreneurial spirit at the grassroots. Such on-the-ground empowerment has enriched the lives of millions of ordinary Indian women and given them critical decision-making capacity across a range of issues pertaining to their daily lives and consequently, shaping the nation’s polity.

Confident, assured and ready to face challenges, the Indian woman has evolved over the decades into an entity to be noted. Multi-tasking with considerable ease, she has managed to build her own identity and her own path to happiness. The contemporary woman juggles the different complexities and contradictions of her life and her position in society to free herself from shackles and bonds of traditional roles. She engages in a pursuit of diverse interests and aspirations to maximize her potential as well as that of the people around her.

Yet the challenges that face the Indian woman today are daunting. Social beliefs have conspired to keep India’s gender ratio on a downward path, reaching a low average of 933 females for every 1000 males for the country. In certain parts of India, the gender ratio is even more dismal, indicating the entrenched desire of Indian families for sons and the consequent mistreatment of the girl child. It is estimated that ‘missing girls’ number 10 million in the last 20 years due to illegal sex selection abortions, and the child gender ratio has fallen close to 800 in some regions of the country.

Other development indicators remain poor for the female part of the population. Just over 54% of women are able to read and write as compared to almost 76% for males. The workforce participation rate for women is half that of men at the all-India level. Wages paid to female workers are far lower than what is received by their male counterparts for the same work. Over half of adult women suffer from anemia and poor nutrition. 407 of every 100,000 births result in maternal mortality. India ranks 96 of 177 countries in the Gender Development Index of the UNDP.

According to the findings of a recent survey by the Confederation of Indian Industry, only 6% of the total number of employees in medium and large scale industries in India, constitute women, with 18% in medium and 4% in large companies. Further, it stated that 16% were at junior managerial level, 4% each at the middle and senior levels, and almost nil in organizational leadership positions. According to this survey, the main issues that affect women’s participation are gender bias in recruitment, gender inequality and sexual harassment.

Women of India can hope to assume global leadership when their overall position in human development indicators more closely
approximates that of men. Women are critical economic participants and contributors in economic growth. Empowering women will mean educating them, giving them equal opportunities to employment and ownership rights. The population of women in India by 2016 is forecast to be 615 million, an economic force that cannot be waived away.

Women in leadership roles are more exposed to criticism than men in the same position. They are also often held responsible for negative outcomes that were set in motion well before they assumed this role. But on the other hand, women bring more integrity, compassion and accountability in the positions they work in. Their perspective, ideas and contributions are invaluable to the progress of a nation. Without women’s active participation and incorporation of their perspectives at all levels of decision-making, the goals of equality, development and peace cannot be achieved.

Indian women have always traveled overseas with their men. Even now, overseas Indian men often return to their homeland to seek brides and a good number of women marry outside the country each year. This has raised its own challenges as women seek to adjust to strange and often hostile environments and different languages and customs, while at the same time getting to know a husband they may never have met before. There have been instances where husbands have been found to have had interests in local women, leaving their wives to fend for themselves.

The support system needed by such new brides arriving in distant lands is immense and must be strong and institutionalized. Unfortunately, such supporting institutions exist only rarely and that too in a limited manner. New brides are often forced to lead solitary lives, taking years to learn the language and the ways of living in other countries. Overseas Indians and the Government through its embassies and missions need to collaborate in order to build an effective mechanism for helping newcomers adjust.

Increasingly also, Indian women are traveling overseas on their own as maids, nurses, domestic helpers, plantation workers, or factory labour. Numbering in the hundreds of thousands, these women are recruited by agents from their villages and sent abroad with little or no training or familiarization process. At the end of the journey, they are at the complete mercy of their employers, who often seize their passports, do not pay them as per agreed terms and conditions, and exploit them badly. There is no agency to assist women who may find themselves in difficulties, or offer consultancy and legal advice.

The Government is currently in the process of consolidating the rules and regulations for overseas work for both men and women. There is need to regulate the activities of agents who recruit workers, in order that they provide correct information and deliver as per their promises. The offices of the Emigration departments need to be strengthened. Embassies, particularly in the countries with large overseas Indian worker population, should have the wherewithal to provide effective support and counseling services to workers. Overseas Indians should also involve themselves more closely in volunteering services for workers, particularly women, to reduce exploitation.
Investment and infrastructure are two of the dominant themes of the Indian economy going forward. As the GDP expands at 9-10% annually and more and more people enter the consuming middle classes, a huge opportunity arises for investments in all sectors of the economy. At the same time, bridging India’s infrastructure deficit entails not just funds but also appropriate and rapid delivery mechanisms. Connectivity and power are the need of the hour, and with these two in place, India’s development story will turn decisively towards fruition.

Investment
India has the potential to become a global manufacturing hub, an international center for knowledge and human resources, a global services provider and a food factory for the world. India’s natural advantages in climate, agri-zones, skilled and large workforce, and natural resources can be leveraged in order to transform it into a significant goods and services source worldwide. The country is a proven top investment destination as is borne out in annual corporate surveys by international consultants.

The Committee on Investment was set up by the Government under the chairmanship of business leader Mr Ratan Tata to facilitate investments into India. The committee estimates that $500 billion worth of investment opportunities exist in the country for the next five years in all sectors of the economy. Some of the areas that it has identified include chemicals, auto components, gems and jewelry, food processing, etc in the manufacturing space. Under the services sector, the fast-growing areas are banking and insurance, retail, tourism and construction.

Investment is flowing into the country from overseas in the form of both direct investment and institutional investment through the stock market. FDI jumped from $4.3 billion in 2003-04 to $19.5 billion in 2006-07. FDI now forms 2.9% of GDP, up from 1.5% in 2000-01. India’s share in global FDI flows went up from 2.3% in 2005 to 4.5% in 2006. Under the FIr route, $20 billion has already entered the country this year, and is sending stock markets soaring.

Overseas Indians have been active in remitting money home, and the amounts have been increasingly steadily over the years. From $10.9 billion workers’ remittances received in 1996, the amount has gone up to $23.5 billion in 2005, the highest received by any country in the world. Net private transfers in 2006-07 aggregated $27.2 billion, 13% higher than in the previous year.

According to the RBI’s annual report, which carried out a survey of remittances, 44% of remittances come from North America and 32% from Gulf and East Asia. More than half of these remittances go towards supporting families in India, while 13% is invested in land, property or equity shares and 20% remains in bank deposits. Other estimates reveal that less than 5% of FDI comes from PIO/NRI sources. A rough calculation indicates that the potential for more
remunerative investments in productive ventures could be as high as 25% of the aggregate or about $6 billion annually.

Synergies of diasporic expertise and global trends have resulted in high PIO/NRI activity in certain niche sectors. Prominent among these is the Gems and Jewelry sector, where Indians in Belgium, South Africa, and Gujarat have combined to take over the global diamond cutting, polishing and trading business. Leveraging domestic skills in the cutting and polishing area as well as PIO funds, India has been able to gradually move up the value chain in the sector and take over from other communities. The same trend is also witnessed in the IT and ITes sectors, where diaspora investments into India are rapidly taking place through private equity placements and venture capital. Many Silicon Valley technopreneurs are of Indian origin and are taking great interest in promoting the sector in India.

A potential investment destination for PIO/NRI funds could be in India’s Small and Medium Enterprises (SME). These enterprises, numbering about 12 million, form the backbone of the Indian economy, contributing two-fifths of output and about half of exports, both directly and indirectly. Many SME are at the forefront of technology, producing high-end products, and are flexible in adjusting rapidly to global demand environments. As per current policy, PIO/NRI are allowed to invest upto 100% equity with full benefits of repatriation in most industry sectors. There is no restriction on the extent of equity that can be held by a Non-Resident Indian (NRI) as an individual/partner in a SSI unit. NRIs and Overseas Corporate Bodies (OCB) predominantly owned by NRIs are allowed to invest upto 100% foreign equity in high priority industries with full repatriation benefits.

Overseas Indian Facilitation Center

The information gap appears to be the primary reason for low investment inflow from overseas Indians, as well as the desire to have high security of investments. Other deterrents to FDI from overseas Indians could be that India’s competitiveness as a low cost manufacturing base that caters to small production facilities (with average investments of 2-3 million USD) preferred by small scale non MNC entrepreneurs is significantly weaker than most economies in South East Asia including Bangladesh. Indian manufacturing tends to be capital intensive in the large scale sector, and labour intensive in the small and unorganized sector. Secondly, so far there has been no institutional framework to facilitate and enable FDI from NRI/PIO as exists in several countries which have large overseas populations.

To overcome these hurdles to FDI from PIO/NRI, the Ministry of Overseas Indian Affairs and the Confederation of Indian Industry have jointly established the Overseas Indian Facilitation Center (www.oifc.in). The OIFC is envisaged as a one-stop shop for assisting PIO/NRI to place their funds in India. To begin with, the services provided relate to Investment Information Services, Real Estate Information Services and Taxation and FDI Information Services.

OIFC has established partnerships with knowledge institutions Edelweiss for Investment Information Services, Cushman and Wakefield for Real Estate Information Services and Peeyush Aggarwal and Co for Taxation and FDI Information Services. These expert and experienced institutions have specialized capabilities in providing advice and consultancy to PIO/ NRI. Thus, OIFC can provide individualized services for areas or sectors, specific projects, or prospective investment destinations through the partner institutions. It
would also assist investors from the overseas Indian community in establishing business partnerships and fulfilling administrative requirements.

OIFC proposes to organize roadshows for Indian states to highlight investment opportunities. It would also assist overseas investors in partnering with states for projects. The Center can also help in preparing feasibility studies for projects and steer them through to completion.

OIFC is not confined to investment and business queries but will also extend facilities to overseas Indians interested in the social sector. It will help identify worthwhile projects and NGOs that overseas Indians can assist financially or through time and effort. It would also enable larger scale philanthropic activities by diaspora such as educational partnerships or hospitals.

Infrastructure

The Government has identified infrastructure as a key strategic sector for propelling and sustaining India’s economic growth. In the 11th Plan, infrastructure has been accorded high priority. The Prime Minister’s Committee on Infrastructure has been actively advising on financing models, regulatory structures and public private partnerships for stepping up investments in the sector. A recent document put up for discussion outlines the investment requirements and sources of funds for infrastructure projects during the 11th Plan from 2007 to 2012.

The paper projects Gross Capital Formation in Infrastructure to go up from 5.75% of GDP in 2007 to 9% in 2012. This is still short of the proportion of GDP spent by countries such as China, which hovers around 11%. However, in view of the time-frame of 5 years, this is a realistic target although not ideal. Assuming GDP growth rates of 9%, the amount of investment required stands at $492 billion. The Committee has broken this down as below:

1. Sector-wise Investments

<table>
<thead>
<tr>
<th>Sector</th>
<th>$ Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>150</td>
</tr>
<tr>
<td>Roads</td>
<td>76</td>
</tr>
<tr>
<td>Telecom</td>
<td>65</td>
</tr>
<tr>
<td>Railways</td>
<td>62</td>
</tr>
<tr>
<td>Irrigation</td>
<td>53</td>
</tr>
<tr>
<td>Water supply and sanitation</td>
<td>49</td>
</tr>
<tr>
<td>Ports</td>
<td>18</td>
</tr>
<tr>
<td>Airports</td>
<td>8</td>
</tr>
<tr>
<td>Storage</td>
<td>6</td>
</tr>
<tr>
<td>Gas</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>492</td>
</tr>
</tbody>
</table>

2. Funding Options

<table>
<thead>
<tr>
<th>Sources of Funding</th>
<th>$ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centre</td>
<td>198</td>
</tr>
<tr>
<td>Central Budget</td>
<td>49</td>
</tr>
<tr>
<td>Internal Generation</td>
<td>45</td>
</tr>
<tr>
<td>Borrowing</td>
<td>104</td>
</tr>
<tr>
<td>State</td>
<td>149</td>
</tr>
<tr>
<td>Central Budget</td>
<td>100</td>
</tr>
<tr>
<td>Internal Generation</td>
<td>15</td>
</tr>
<tr>
<td>Borrowing</td>
<td>34</td>
</tr>
<tr>
<td>Private</td>
<td>145</td>
</tr>
<tr>
<td>Internal Accruals/ Equity</td>
<td>44</td>
</tr>
<tr>
<td>Borrowings</td>
<td>101</td>
</tr>
</tbody>
</table>

70% of required investment is expected to arise from central and state government sources and 30% from the private sector. The private sector’s responsibility is placed rather high considering that it currently contributes about 17% to infrastructure investment. However, with increasing emphasis on public private
partnerships and fiscal incentives being offered, the private sector is already meeting this expectation.

A financing gap of $40 billion still remains after the Centre and State as well as private sector estimates of funding. Private equity funds from overseas have been active in establishing special infrastructure investment vehicles, including the $5 billion Blackstone-Citigroup venture with Infrastructure Development Finance Co and India Infrastructure Finance Co., and JP Morgan and Chase’s $2 billion fund. But there is still a long way to go for raising investment for infrastructure.

The opportunities for investment in infrastructure are huge as the sector is growing at a rapid pace to match requirements. In the highway sector, only 2% of India’s 3.3 million km of roads fall under the highway category. Construction for upgrading and building national expressways under the National Highway Development Project are underway, the world’s largest single highway project.

In power, the 11th Plan projects the commencement of 100,000 mw of additional power generation projects in the next five years. Opportunities exist in generation, transmission and distribution of electricity with privatization and unbundling of State Electricity Boards. Modernisation, maintenance and upgradation will also require large private sector investments. In the ports sector, the National Maritime Development Program envisages 276 projects for the 12 major ports which are to be completed through public private partnership as well as substantial investments in 187 minor ports. India’s expected rapid rise in exports and imports will provide the impetus to expand port capacity.

In the airport sector, an expected 100 million passengers are expected to travel by air by 2010, while freight will expand by 20% annually. Four metro airports are being built or upgraded and 35 other airports are also to be modernized, entailing a cost of Rs 40,000 crores. Telecom is already a success story with 7-8 million new phone users being added every month. Urban infrastructure is also a sector with huge requirements as the rural-urban population mix is expected to see major changes in the next decades.

In all these areas, the government has recognized the significance of public private partnerships and is developing model concession agreements and stable regulatory authorities. 100% FDI is allowed in most sectors with incentives such as tax holidays also in place.

In the infrastructure area, PIO/NRI need to contribute more by way of knowledge, experience and expertise. Their ideas on best practices followed in other countries can help add to available talent in India. Consultancy and advisory services in the areas of environmental impact assessment and other regulatory requirements would also be useful. It may be recalled that the drive to expand infrastructure in India is relatively new, and issues such as public private partnership modalities, regulation, and environmental impact are still evolving and being explored both by the government and private parties. Returning PIO such as Rajiv Lall of Infrastructure Development Company Ltd are already utilizing their knowledge and experience as well as networks to rebuild India’s infrastructure. Others such as Dr Purnendu Chatterjee of The Chatterjee Group have made large investments in select sectors in India.

As India’s investment and infrastructure environments restructure to meet emerging demands, there will be huge opportunities available for PIO/NRI with the requisite funds and expertise.
India’s integration with the world gained with the institution of economic reforms in 1991, and since then, trade in goods and services has expanded greatly. In the more recent past, significant structural changes have been witnessed in India's trading regime from 2003 onwards when the global growth environment turned benign. The shift in trading affords a new vista of expanding business opportunities for PIO/NRI.

Both exports and imports benefited from the strengthening of world trade and grew in double digits. Exports crossed $126 billion in 2006-07, growing by over 25% each year from 2004, while imports totaled $191 billion. Within this, India's exports to Asia grew by over 20%, and by 2006-07, Asian countries accounted for almost 30% of goods exported by the country. In the area of imports, a quarter of aggregate imports is sourced from Asian countries.

The exports to GDP ratio has dramatically gone up to 13.9%, and imports now form 21.1% of GDP. The globalization of the economy is evident in the aggregate trade to GDP ratio now at 35%, much over the 14.6% seen in 1990-91.

Exports of IT and IT enabled services has reached $31.4 billion in 2006-07 and is well on way to meeting the target of $50-60 billion by 2010. India's share in services exports has gone up from 0.5% of world trade in 1995 to 2.2% in 2005. India is now the largest exporter of computer and information services. Other services such as trade related services, business consultancy services, engineering services, etc, have also increased to match the share of software services of 38% in aggregate service exports.

This platform shift in services exports reflects the growing prowess of Indian companies in global competitiveness and their success in moving up the value chain. A key factor in services exports has been the emphasis of corporate India on quality control, including security management. Companies have been able to leverage the country’s high-skill manpower to address global markets with efficient cost structures.

From zardozi embroidered household furnishings for the Middle East to high-tech auto components for USA, India's potential for trading in traditional goods as well as new technology products is large. PIO/NRI with their unique understanding of both Indian business conditions and overseas market requirements have the unsurpassed capacity to link the two in profitable business ventures.

Overseas Indians in various parts of the world have established themselves as traders and
businessmen to great success. They have been able to achieve dominant positions as retailers, wholesalers and import-export merchants. In USA, a large proportion of hoteliers are of Indian origin. In Hong Kong, overseas Indians own valuable real estate and have been instrumental in developing landmarks such as the ferry services. In Tanzania, overseas Indians run shops and dominate the business sphere of the country.

With this wide range of experience, overseas Indians are well-positioned to leverage India’s growing economic prowess to emerge as the interface between India and the rest of the world.

Marketplace at PBD 2008 is designed to enable PIO/NRI to connect with Indian businesses to establish joint ventures and trading agreements. Marketplace will have experts from MOIA’s partner organizations in the OIFC to answer queries on trade, investment, and business. It will provide specific information on areas of interest to visitors from overseas, specially in the areas of taxation, real estate, wealth management and FDI.

Issues that would need to be considered for promoting business interaction of India with its diaspora include:

- Platforms for engaging with individual states wherein state governments can set up information and business centers for PIO/NRI
- Business development road-shows and marketing efforts directed at overseas Indian communities
- Special focus on handicrafts and handlooms of India which are currently much in fashion overseas. States could organize group tours of their handicrafts spots for PIO.
- Greater coordination and leveraging of Indian missions and embassies for promoting product-specific and sector-specific trade by overseas Indian businessmen
- Targeting of information at overseas Indian businessmen by Indian missions and embassies
PLENARY IV

Developmental Challenges of the States: Partnership Opportunities

The Indian economy has achieved a growth rate of 8.6% over the last four years, and seems set to reach for the imperative double-digit rate that will alleviate poverty and afford a better standard of living to all. This has been made possible by the liberalization of the economy initiated in 1991 and sustained by successive governments at the centre over 15 years.

However, GDP growth is regionally erratic. The growth rate varies from state to state and over periods. The likelihood of inequitable income increases proportionately. For example, the per capita income in Gujarat was 4.5 times greater than that of Bihar in 2003-04. Poverty ratio in Punjab was 6% while in Bihar, it was 47%. Rich states have grown over three times faster than poor states in the period 1970-2004. To promote inclusive growth, it is critical that all parts of the country share equally in the fruits of higher growth.

States in India’s federal system enjoy vast powers relating to matters that have crucial impact on growth, incomes and the lives of people. Each state must fashion its policies for development according to its own particular needs and local conditions. Some of the critical areas in which states have full policy-making autonomy under the Constitution of India include agriculture, education at all levels, irrigation, health, infrastructure of various kinds, and others. Many of these areas are the ones in which India has been making slow progress as compared to other areas that are in the domain of Central government policy.

State level reforms assume urgency as all of the country needs to progress at a similar pace in order to ensure equity and balanced regional growth. There is high potential for India’s economy to be a player of significance in the global economic arena under its current growth conditions. India’s unique demographics make it the only large economy with a declining age-dependency ratio till mid-century. If growing population is not converted into productive workforce, hundreds of millions of Indians will be condemned to live in extreme poverty. After four years of rapid growth, India has the capability to revolutionise its economy and income levels within the coming generation.

A priority list for policy actions to be taken up by state governments would include:

- States should be urged to set up State Development Councils consisting of representatives of major political parties, academics, civil society, and business persons. Widest possible ownership of the process should be achieved without compromising time values.
- The Council should develop a consensus Development Vision document for the state for the next five and ten years with achievable targets in human and economic development. Human development targets could be synchronized with Millennium Development Goals.
- Strategies for coordinated development need to be put in place. For example,
development of a tourist attraction would include requisite modern tourist infrastructure, transport facilities, tourist promotion activities, shopping and entertainment choices, websites and electronic booking systems, tie-ups with private tour operators, working with embassies, and other strategies. For export promotion, administrative procedures, strengthening of existing clusters, marketing, linkages to ports and highways, and encouragement to FDI would need to be considered.

Besides this overall strategy, sector-specific strategies need to be put in place for key sectors such as agriculture, education, health, infrastructure and investment climate.

States with the most conducive investment climates have experienced faster inflow of investments, both domestic and overseas. Firms in states with poor investment climates have 40% less productivity than states with good investment climates. Investment climate is a composite of different conditions, including infrastructure, access to finance, regulatory burden, labor regulations and others. Maharashtra, Delhi, Gujarat, Andhra Pradesh, and Karnataka have been ranked in the top five in terms of investment climate. These are also the states attracting the highest FDI and with the fastest rates of growth.

India’s investment to GDP ratio has strengthened over the years, attaining 33.8% in 2005-06. This is comparable to levels in East Asian economies. However, it has been estimated that investment requirements for India over the next decade are $1.5 trillion. The direction and flow of investments is not regionally balanced. States need to make tremendous efforts to redirect investments into their area.

Some of the sectors requiring large investment are infrastructure, such as power, roads, ports, and airports; manufacturing, agriculture, higher education, skill development and training, healthcare, etc. The public sector does not have the resources to match these requirements. At the same time, rapid growth has allowed companies to access funds from different sources – built-up resources, private equity funds, debt, overseas borrowings, and others. Therefore, private sector investments can be channelized to fill the gaps.

Regarding engagement of the Indian diaspora with states, it has been found that some of the states such as Gujarat have been particularly active in attracting overseas Indians in development projects. Gujarat has instituted a conference immediately following the Pravasi Bharatiya Divas to deepen interaction with the diaspora and facilitate their contributions. Other states such as Bihar and Karnataka are also following suit.

On the other hand, some diasporic experiences have also been very negative. On occasions, overseas Indians have gathered funds or bought equipment for schools or hospitals in states, only to find the state governments apathetic in utilizing these. Such instances are avoidable. States should welcome these contributions and make special efforts to recognize their worth and utility.

It is especially critical for diaspora to engage with states as these are the governments most directly influencing rural policies. As the dichotomies in human development of rural and urban India become sharper, it is necessary to reverse the trend through greater interaction with rural societies and their problems.

State Development Councils can enable greater participation of diaspora in development activities by setting up a special cell to receive advice and consultancy as well as other contributions.
Out of 1027 million (or 102.7 crore) population of India, as per Census 2001, 742 million live in rural areas and 285 million in urban areas comprising of 72.2% and 27.8% of the population respectively. At the 1991 Census, there were 23 Urban Agglomerations/Cities with Million Plus population. This number has now risen to 35. About 37% of the total urban population as per the Census 2001 lives in these Million Plus UAs/Cities.

Between 1980 and 2005, over 158 million persons are estimated to have been added to the urban population. By 2020, the number of urban denizens are expected to increase by another 145 million to 463 million. However, the number of people in rural areas will also go up by 83 million by 2020, aggregating 870 million.

The pace of urbanization in India has been rather slow, leading to pressure on agriculture as a source of livelihood in rural areas and consequent low productivity. According to economists, the movement of workers from low-productivity agriculture to high-productivity industry and services adds to output. It has been estimated that in India, labor productivity in industry is four times that in agriculture, while labor in services is six times more productive. Shifting of population from rural to urban areas will increase the productivity of both. However, the challenges are to offer alternatives to agricultural income to rural populations and to build new urban agglomerations in a planned manner.

In the highly intensive agricultural practices followed in India, with small farm sizes, multiple cropping, low mechanization, and high degree of masked unemployment, the scope of agriculture to enhance rural incomes is limited. Moreover, agricultural incomes cannot rise until high subsidies in agriculture inputs and severe regulation of markets are addressed. Rural India contributes about half aggregate GDP, and less than 20% of this is from agriculture. Services and industry comprise about 60% of rural incomes.

Rural empowerment would arise from better education and health access, and better opportunities for income-generation and employment. The overwhelming proportion of rural income comes from the unorganized sector - small retail and manufacturing outlets such as vendors, repair services, and production centers. These are owned by family members and suffer from incomplete linkages with the national economy. Some of the sectors that will empower rural India are organized retail and trade, health services, financial services, and education.

The rural market at 700 million consumers and a GDP equal to that of urban India is a dynamic market with huge potential. The structural shift in source of income from agriculture to services and industry has created awareness and information. Further, the development of organized retail has the capacity to revolutionize the rural economy through supply chains extending into the hinterland.
While urban agglomerations require less investment to develop markets, the rural areas do not have similar economies of scale. To tap the potential demand, the servicing of rural retail markets would have to be highly employment-intensive. If sufficient numbers of corporates operate in certain areas, critical mass to create a virtuous cycle of demand and rising incomes would be ensured.

Organized retail sites must be created on a large scale in rural areas. At the same time, the integration of rural and urban supply chains must be accelerated. There is potential to link rural consumers and producers to global value chains through strengthening domestic rural-urban connectivities. This can be achieved through allowing FDI in retail.

Overseas Indians may examine ways to strengthen supply chains linking rural producers with global markets. Philanthropic activities in rural retail could include contributing to set up formal establishments to enable vendors with carts to move up the value chain; helping rural artisans and craftsmen to access global markets by redesigning products and enhancing quality; providing skill development and training in enterprise management; setting up channels of transport; etc.

Absence of financial services and products aimed at the rural population leaves large chunks of people out of the formal financial markets, even when sufficient surpluses exist. Only 27% of cultivator households get any institutional credit, another 22% borrow from moneylenders and 51% have no access to credit. Rural credit accounts for only 15% of bank credit, with five states cornering 50% of outstanding credit. Thus there is inadequate access to savings, credit and risk management tools.

The experience with local moneylenders indicates that consumers are willing and able to spend high amounts on availing credit. However, such credit is still spent on unproductive social events or on health, often leading to loss of assets in case of non-repayment. Instances of repayment also are high, indicating large untapped savings potential, which has the potential to add to the aggregate savings ratio.

Tiny and small amounts of money, distances and lack of transport, and high costs of doing business discourage formal financial institutions from entering rural areas. However, the advent of technology has made it possible to innovate in rural finance.

Microfinance is proving to be successful in several states, linking millions of beneficiaries to banks. But even in this the average loan size of Rs 150-200 is inadequate for income generation activities. Other options need to be also explored, such as mobile banking, internet banking, weekly banking, etc. to take the formal sector to the unreached areas. This will require trained persons which can be made available through vocational programs in the villages.

Overseas Indians can contribute to the funds of established microfinance institutions. They can also provide mentorship and guidance to small rural entrepreneurs for enterprise development. Consultancy services without charge could also be supplied to these institutions working at the grassroots to empower villagers.

Rural populations have inadequate access to healthcare, whether private or public. The gap is often filled by quacks operating locally. Again, this points to the willingness of villagers to pay for services. It is possible to establish a network of trained healthcare personnel from local areas
at lower costs than the amounts paid to quacks. In fact, there have been proposals to suitably train quacks already operating in the area in modern healthcare practices and allow them to provide basic healthcare.

Such local trained healthcare personnel can again be supplemented by visits from doctors in neighboring towns for non-emergency medical services. Emergency medical services can potentially be supplied through internet connectivity and the local personnel. It is possible for diaspora medical professionals to use internet connectivity to provide expert services to rural areas even from their homes.

Diaspora engagement in rural sector has greater multiplier effects than in the urban areas, although it is far more difficult for overseas Indians to relate to Indian villages. The good news is that Indian NGOs have undertaken intensive work in rural areas and it is profitable for overseas Indians to contribute to these effective civil society organizations.

The previous PBD had recommended that a philanthropic fund be set up to receive contributions from overseas Indians. Such a fund could be managed by a committee of overseas Indians and NGOs. It could identify the areas of contribution and channel funds to selected projects.

A platform could also be established to enable diaspora youth to engage with rural populations through attachments to villages for 3-6 months. A program for this would be useful for building better understanding among youth about India, helping rural communities and adding to experience of the young persons. There is currently immense enthusiasm among diaspora youth to acquire life skills through working in developing countries. They should be encouraged through properly organized and managed programs to work in Indian villages.