

## Indian Diaspora Economics: Its cultural underpinnings

Ladies and gentlemen,

A few years ago, Milton and Rose Friedman published a book on economics titled *Free to Choose: A personal statement*. I believe it was in the early 1980s. As a student of economics at this institute, I had to study that book. It was a passionate defense of the centerpiece of neoclassical economics, the market. Ideally, the market is flexible, impersonal, efficient and just, if left to its own operations. The Friedmans argued that this ideal market was not only an image of what could have been, but that it was also a reality during certain historical epochs. However, they argued, the ideal market has been spoiled by US- and European governments. The authors claimed that a market, free from government control and intervention, can also solve the major social problems in society. In their perspective, free markets are followed by political freedom and foster democracy. Similar assertions still feature in most books on microeconomics.

The claims made by the Friedmans were not new, though they were pushed to the extreme. I remember Joseph Schumpeter's worries about socialism and democracy as well as similar worries of later scholars. But as far as I know, no one dared to suggest a one-to-one relationship between market and democracy. The Friedmans' view fit in a context of anticommunism. It reminded me strongly of Walt Rostow's *Stages of Economic Growth*, published more than a decade earlier, that was subtitled *A Non-Communist Manifesto*. The strand of literature of which Rostow and the Friedmans were a part was highly politically inspired. The concept of the market remained a centerpiece of the economic profession and was remarkably shared by practically all currents in economics, including Marxian economics. The market as a pivotal institution, adjusting to prices and volumes, and in turn, generating prices and impacting volumes, remains the holy grail of economists. It has survived many criticisms, including the critique, targeting erroneously only neoclassical economics, that it is flawed by methodological individualism and a neglect of culture.

At the international level, a free market is difficult to conceive. Even if the Friedmans were right, it requires the removal of legal barriers for the free mobility of factors of production, commodities, and money. I disregard large spatial distances that impact prices unequally since they complicate rather than contradict the price-effects of supply and demand. For many commodities in the

international market—I am specifically thinking of energy, minerals and agricultural commodities—prices do behave according to supply and demand because there is some limited competition in that sector. But these price movements are complicated by power relations and substitution effects. However, in the diaspora, similar competition is practically absent, and there is hardly any substitution. In this field of diaspora commodities, the homeland rules. For example, the center of production for Indian dresses is India, not South Africa or Guyana. Among the producers, there is no international price competition nor alternative Indian dresses that can act as substitutes. So this Indian monopoly is not generated by some comparative advantage; it is a historical legacy. India was and is a cultural center far beyond competition in the diaspora. It is not economics that accounts for India's monopoly. The causal relation is reverse: it is the centrality of the homeland, its history and its dazzling supply of cultural commodities, that begets the monopoly.

The diaspora represents an economic sector or niche that is subjected to more forces than considered before in economics. I call the accumulation of value in this ensemble 'diaspora economics'. The purpose of my speech is to highlight some specificities of this diaspora economy, focusing on India and its diaspora communities. The diaspora, viewed as a niche in the international economy, is limited to producers located in a homeland and comprises consumers all over the

world who share a similar taste. It is characterized by limited spatial movement of capital, commodities and labor, and a relatively strong bond between ethnic communities. The diaspora economy presupposes some degree of nationalism, or actually trans-nationalism, a kind of ethnicity or bonding between the homeland and the globally dispersed ethnic communities.

Considering the concept of diaspora economy as a cultural bonded ensemble of international market segments, I center the element of culture in economics, specifically in the context of the Indian diaspora. For a long time I have felt highly uncomfortable with economists who explain economic outcomes from a supply-and-demand model. I believe there is much more in the economy than supply and demand and, more specifically, that the market is governed by more forces than prices, volumes and qualities. Economists acknowledge that power, legal barriers, technology, and space affect the operation of the economy. However, the factor of culture is relegated to the field of exogenous variables. Culture is a guest in economics, meaning that the central actor, economic man, is devoid of culture because he or she predominantly responds to prices, volumes, quality, or efficiency.

My central claim is that the diaspora represents a global market but not a free market as the Friedmans would like to have it, nor is this market similar, for

example, to the market of oil. The most distinguishing feature of the diaspora economy is its fragmentation and bonding by cultural forces. The units we are dealing with are globally dispersed ethnic communities. This perspective transcends the classical criticisms of methodological individualism and neglect of culture. The units of analysis are not individuals, corporations or governments, but ethnic communities that feel cognate. I will not trouble you with numbers and magnitudes of economic indicators. That has been done abundantly by economists of the World Bank, the Indian government and many other institutions. Today I am first and foremost interested in highlighting the conceptual specificities of the Indian diaspora economy and in suggesting some policy lines.

Talking about diaspora involves three elements: dispersion of people, a homeland, and bonding with that homeland. Sociologists have warned against a casual employment of the concept since all three elements are subject to debate. Let's take a closer look at how they fit the Indian diaspora.

Dispersion of Indians occurred in several epochs and for several reasons (Jayaram 2011). One can roughly distinguish the migration of traders in precolonial times to Asian and African societies, of indentured laborers to several plantation economies, and contemporary emigrants to mostly Western

societies. Of course, this classification can be refined. But the point is that the unequal departure in time and different destination societies have produced different outcomes in settlement that were compounded by differences in region of origin, religion, language, customs and the like. The dispersion comprised heterogeneous categories of people, none of them inspired by disasters as suggested by the concept of diaspora, while each wave of migration was driven by specific historical forces.

Related to these differences in time, region and destination of migration is the notion of homeland. It seems obvious that India is the homeland, but in actual practice that is subject to discussion. For first-generation emigrants, India serves as the homeland, that is, the country of origin. For the second or third generation, India has become the parental or grandparental homeland. This bonding with the homeland decreases over time. And so the question arises: how many generations do you go back before India ceases to be the homeland? Moreover, some emigrated Indians—think of Gujaratis in Africa and indentured laborers in the Caribbean—have moved even further after one or more generations, for example, to the UK, the USA, Canada, the Netherlands and France. These people are labeled “twice migrants,” a less-appropriate term given that the second migration occurred after one or more generations and not within one lifetime. Moving from India to Suriname, for example, and after two

generations to the Netherlands does affect the notion of India as the homeland. For Dutch Hindustanis, especially the younger generations, the homeland is the Netherlands rather than Suriname or India, but for many segments, all three societies serve as something of a homeland. And do not rule out that for the younger generation the meaning of India has increased positively with the rise of the Indian cinema, known as Bollywood, and the improvement of the global economic and political image of India. So the appreciation of the homeland as well as the bonding with it may fluctuate across generations.

Finally, the size of the Indian diaspora. Here we are a bit lost. Official Indian statistics report 30 million people living abroad, while the United Nations estimates 20 million. Other sources oscillate between these two numbers. One problem with these estimates is that they were made at different points in time, thus referring to different demographic sizes. Another problem is that they refer to different conceptions of diaspora demographics. For example, it remains unclear how many generations back descendants of Indian emigrants are taken into consideration in the calculation and whether mixed children have been included. Consequently, the demographic of descendants of Indian emigrants may yield different estimates of the size of the diaspora communities. Moreover, we also tend to disregard that some persons of Indian origin do not consider themselves Indian anymore, for example because of assimilation in the host

society. We conveniently assume that everybody remotely descended from Indian emigrants is bonded with India or with communities that foster the Indian identity.

While acknowledging that the bonding between members of the diaspora and India may fluctuate, I depart from the hypothesis that the historical and geographical distance parallels the intensity of bonding, or the emotional and cultural distance. The longer ago people migrated or the further the endpoint of emigration, the less intense the bonding with India will be or become. This is a different way of saying that the Indian diaspora, as most older diasporas, is far from homogeneous: it consists of varying categories of people, ranging from persons who totally identify with India to persons who deny having any relationship with that country. The differences thus depicted have powerful consequences for the Indian diaspora, as I will argue in a moment.

Considering the ethnic community as a unit of analysis, the question arises: what points of connection between homeland and diaspora communities are economically relevant? The scholarly literature mentions remittances, foreign direct investments, diaspora tourism, diaspora bonds, technology and skills, and international trade. These are points of economic entanglement in the diaspora. I disregard other entanglements that also have economic effects, such as

religion, language, fashion, media, politics, public festivals, cuisine, lifestyles and the like. Among economists, the issue of diaspora bonds is favored, but these bonds are driven by similar motives as foreign investments. The supply of diaspora bonds and the transfer of knowledge involve specific categories and a limited number of people rather than whole overseas communities, though their economic effect may be substantial. Consequently, one US-based Indian billionaire, buying bonds issued by the Indian government, does not constitute the diaspora. Since the diaspora consists of communities, rather than individuals, the economic aspects should be assessed by aggregate effects generated by those communities.

Because of time constraints, I will discuss just four of the major points of entanglement in the diaspora: remittances, foreign direct investments, diaspora tourism and foreign trade. Let us take a closer look at these diaspora entanglements while taking into consideration the intricacies of the concept. I will start with remittances, the most popular indicator of diaspora ties.

Slide 1: Key Indicators of the Indian economy

India is the sixth-largest economy in the world. It has a positive long-term growth prospective due to its young population, correspondingly low

dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. The World Bank reported that during 2015–16 the Indian economy grew 7.6 percent and slightly declined to 7.1 percent for the next fiscal year. Since 2001, India has fostered a fast-growing service sector with an annual growth rate above 9 percent. This sector contributed to 57 percent of the country's GDP in 2012–13. India has become a major exporter of IT services, business process outsourcing services, and software services with an estimated \$154 billion revenue in 2017. These sectors are the fastest-growing part of the economy. If you take a look at the indicators, you will find a huge service sector, highly unusual for a developing economy. (By the way, I checked these data against other sources, and all reported a similar preponderance of the service sector).

These indicators put the entanglements with the diaspora in perspective. In 2015 India had an incoming remittances flow of 69 billion and an outgoing flow of 8.5 billion US dollars. India is the largest recipient of remittances, followed closely by China. The size of the remittances depends on the richness of the society, the income level of the individual senders and the size of the diaspora community. But the needs in the home country and exchange rates also determine the size of the remittances. However, in addition to these economic variables, the type of bonding in the diaspora that accounts for these money

transfers is often overlooked. First-generation emigrants, whether in the Gulf states or Western societies, are transferring remittances to family, while the second and later generations from the Caribbean do not. Here, the size of the migrated population and the historical and cultural distance between the diaspora community and India, the homeland, matters.

## Slide 2: Origin of remittances to India

The table gives an overview of the remittances to India sent in 2015, broken down by sending country and size of Indian diaspora community. Although the data are not very precise because the numbers refer to different years, the table is indicative of the relationships between historical distance, location of settlement, and amount of money transferred. There are a few peculiarities in this table, though. Bangladesh allegedly transferred the highest proportion of remittances compared to GDP, but the size of the Indian population in that society is missing. Wikipedia, based on data from the Bangladeshi Ministry of Home Affairs, reported that in 2009 about 500,000 Indians were living in Bangladesh [https://en.wikipedia.org/wiki/Indians\\_in\\_Bangladesh](https://en.wikipedia.org/wiki/Indians_in_Bangladesh). On the other hand, Mauritius, South Africa and Myanmar, societies with older and settled communities and harboring close to or over a million people of Indian descent, do not feature in the top sixteen societies that transfer money to India. This may

be due to a lack of data, but I cannot rule out that their absence is the outcome of the historical and geographical distance pointed out earlier. Senders of money appear to be most often first-generation emigrants.

According to the *Hindustan Times*, in 2011–12, remittances to India amounted to \$66 billion, compared to an FDI inflow of \$47 billion

(<http://www.hindustantimes.com/business/nris-beat-fdi-keep-the-money-coming/story-60L7kVR6j3VQTlc2Z9nc3N.html>). The effects of remittances include a reduction of poverty in the homeland, increased savings, an alleviation of the foreign exchange and fiscal position, an increase of multiplier effects due to the increase of domestic purchasing power, a growth of investments, and an acceleration of economic growth (Plaza 2014). Remittances are mostly a private matter, spent on school fees, healthcare, clothing, food, land and housing. The flows have not translated into investment in public goods and services, however.

A second entanglement consists of foreign direct investments. This is a difficult issue because remittances and foreign direct investments are intertwined. World bank economist Dilip Ratha suggests that China might be receiving fewer remittances than India, but that may be so because many remittances to China are classified as investments

(<https://blogs.wsj.com/indiarealtime/2014/04/25/why-does-india-beat-china-in->

[the-remittance-game/](#)). In conventional economics, the motives for investments are accounted for by some expected money yields that should be higher than the return on alternative investments. However, the motives for diaspora investments include expected money returns as well as a love for the country and a wish to realign with family and friends, to build a home, and to accumulate assets—in the homeland—that can be inherited by family, even family that live abroad and do not intend to return. Diaspora investments are found mostly in sectors like real estate, agricultural land, and provisions for old age. Investments as well as donations, especially to religious institutions, are also preferably made in the home region, usually the place where the family lives. Investments and donations are driven by sentiments and local subcultures. Investments depends strongly on the legality of both the investments and the returns, and also on the influence of the family in the political elite (Plaza 2014). You may say that these investments are for a large part driven by nostalgia which is a powerful economic force in the diaspora. For example, old time music and movies, the memory of the homeland, the sentiments relating to the past – it all sells. Why? Simply because growing old enables you to enjoy nostalgia, as many of you will know.

<https://blogs.wsj.com/indiarealtime/2014/04/25/why-does-india-beat-china-in-the-remittance-game/>

I am not downplaying the financial return on investments. I just want to make the point that in the context of diaspora investments, motives are as varied as are the returns. Considering the variety of returns, the financial return may even be a lower priority than alternative opportunities yield. Here we see again that emotional attachments stemming from cultural bonding are pivotal in the flow of economic resources.

A very visible economic entanglement—the third connection—within the global Indian diaspora is diaspora tourism, that is, visiting India for reasons such as seeing family, searching for one’s roots, visiting Bollywood locations, visits for religious and other purposes (such as medical services) or just enjoying the feeling of having visited one’s ancestral homeland. According to the World Travel and Tourism Council, tourism accounted for about 10 percent of India’s GDP in 2016, about US \$209 billion, more than chemicals and automotive manufacturing and mining (<https://www.wttc.org/-/media/files/reports/benchmark-reports/country-reports-2017/india.pdf>). The number of foreign tourists amounted to 8.9 million persons, and this sector is growing annually at an estimated 6.8 percent.

In 2015 tourists came from the US, Bangladesh, the United Kingdom, Sri Lanka, Canada, Malaysia, Australia, Germany, France, Japan, China, Russia, the

Russian Federation, Nepal, Singapore and Pakistan

(<https://www.statista.com/statistics/207005/foreign-tourist-arrivals-in-india-in-2010--by-source-country/>). Surely, not all of these visitors are diaspora tourists.

(I sent a request to the Indian government for an estimate of diaspora tourism, but they did not reply. I am not sure whether these data exist). Anyway, since foreign tourism to India is growing, we can safely assume diaspora tourism is growing as well. For some categories of tourists, we are almost certain that they represent diaspora tourism, specifically visitors from societies close to India such as Bangladesh, Nepal, Pakistan and Malaysia. Other visitors from the Gulf states, the United Kingdom and Canada, most likely consist of substantial numbers of Indian diaspora tourists.

The diaspora tourists fall into two segments. The first consists of non-resident Indians, as Indians migrated to Western societies were labeled until recently. Non-resident Indians often claim the nationality of the resident society and are therefore classified as foreigners to India. But most of them feel Indian and visit India to see family. They are the people who transfer money to India. The other segment consists of former PIOs, people of Indian origin, who often feel related to their ancestral homeland. They visit India as tourists. Their tourism falls into heritage tourism, roots tourism, Bollywood tourism, medical tourism and

identity tourism. These are not the people who are transferring money; rather, they spend money when visiting India.

Finally, the foreign trade within the diaspora. Here, export markets may disclose economic entanglements. Let's take a look at India's foreign trade.

Slide 3:

The largest export markets are the US and United Arab Emirates, which together account for almost 30 percent of Indian exports. The largest category of exports consists of pearls, precious stones, metals and coins (16 percent of total exports, US\$42.3 billion), then mineral, fuels, oil and distillation products (11 percent), followed by a variety of industrial products

(<https://tradingeconomics.com/india/exports-by-category>). These categories of commodities do not suggest that Indian exports are cultural or demanded by the diaspora communities. The category most likely related to diaspora communities are the precious stones and metals. However, more than 30 percent of the precious stones and metals are exported to United Arab Emirates, 29 percent to Hong Kong, 24 percent to the US, and close to 6 percent to Belgium. I cannot rule out that diaspora communities consume significant proportions of Indian exports or play a mediating role in increasing Indian exports, so this is an issue

to look into more closely. But at the moment I find it more likely that the bulk of the precious stones and metals is meant for industrial usage, or for consumers in rich or growing economies, not diaspora communities. This reservation applies more strongly to the export of industrial commodities. I consider the relationship between exports and the demographic size of diaspora communities therefore weak, at least statistically speaking.

Studies disclose that migrants have a preference for their native country's goods and services, that they assist origin-country exporters in finding buyers in their host economy, that they improve their knowledge of the market, and that they comply with government requirements and market standards. The relationship between trade and emigration depends on networks of individuals and families. A critical evaluation of these studies concluded that the outcome of the predicted relations between trade and emigration is model-dependent and that export and import elasticities vary across countries and products (Sonia Plaza 2014).

One issue of bewilderment persists, however. I know from my own research that Bollywood represents a variety of economic activity. It comprises movies, songs, dancing, dresses, jewelry, pictures, cosmetics and advertisements, along with education, training, travel and much more. Bollywood has become a global subculture and has a tremendous impact on diaspora communities, a

phenomenon mostly and gravely underestimated by Indians themselves. Many diaspora tourists visit India to leave with suitcases full of Bollywood commodities. These visits, as well as the purchased commodities, serve to establish their cultural identity. Assuming a substantial proportion of diaspora tourists among the total volume of tourists, the purchase of Bollywood commodities must be significant. But this Bollywood-economics features nowhere in official statistics. One reason for Bollywood being absent from accounts of Indian exports might be that the official export categories are taken from the United Nations COMTRADE database on international trade. Another explanation may be that most tourists and vendors in diaspora communities carry these commodities as personal belongings, thus rendering the imports of Bollywood commodities invisible in official import statistics. As a result, the foreign trade entanglement between the homeland and the diaspora community is most likely underestimated.

Focusing now on the other side of the trade balance, where do the major imports of India come from? Don't be surprised that the largest trading partner of India is China, which accounted for 18 percent of total Indian imports, or \$60.5 billion, in 2016. China is followed at a large distance by the United States, which accounts for 5.9 percent of Indian imports, and then by United Arab Emirates, Saudi Arabia, Switzerland, South Korea, Indonesia, Germany, Iraq,

Japan and a number of other economies, with the UK claiming a remarkably small share of 1.1 percent. Here, too, I fail to see a clear-cut connection between the Indian diaspora community and Indian imports.

## Implications

The preceding discussion of economic entanglement made clear that diaspora economics is a highly specific animal. Let me summarize the main findings. I focused on four entanglements between India and its diaspora communities: remittances, foreign direct investments, diaspora tourism and international trade. The remittances are predominantly a household resource, flowing from emigrants to India. There is no flow from Indians in India to Indians abroad. Remittances are highly intertwined with foreign investments, and these too are a one-way street because they are meant to build assets in specific economic sectors, while the expected returns are highly differentiated. Similarly, the diaspora tourism centers in India. Indians prefer to visit Western societies rather than diaspora societies to admire what they consider “modern.” True foreign diaspora tourists consist predominantly of PIOs. And in the field of international trade, I found no clear relationship between either imports or exports and diaspora societies.

My conclusion, in one word, is that while there is a transfer of resources in the diaspora, it is India that receives these resources. The diaspora communities act as resource societies, mostly of capital, not of culture, services or commodities, not of labor or knowledge. I am not saying that this resource transfer from the diaspora societies to India is regrettable or that the sending society is depleting its resources. Even the poorest Indian diaspora society, most likely Bangladesh, can afford this transfer. No, I am just establishing the fact that the homeland is pivotal in the diaspora configuration and that these transfers are not solely driven by differential interest rates, foreign exchange rates, and returns on investment, as conventional economics would claim. What I have tried to make clear is that the transfer is driven by cultural bonding and sentiments between the diaspora communities.

In what way does this diaspora contrast with concepts in mainstream economics? The market as depicted by the Friedmans is the unfettered heart of the economic process. In this market, the price mechanism allocates resources, is efficient and just, and connects production units with consumers in private households. The economic man in this conception is highly individualistic, a utility-maximizing animal driven by economic gains, a master in calculating economic outcomes who always makes the right trade-offs. This economic man is devoid of culture and sentiments, he has no gender, no age, no loyalty or

identity. Amartya Sen (I didn't know he was a Bangladeshi, by the way) labeled this economic man a rational fool. The rational fool has been criticized by several disciplines, notably anthropology, history, philosophy and sociology. Gradually, the discipline of economics has come to include other forces in the process of price formation. But the inclusion of cultural forces in mainstream concepts is still a challenge for the discipline.

Diaspora economics is subject to limited competition because of the preponderance of the homeland. The relevant actors, and therefore the markets, are shaped by culture and nationalism. However, economists do not conceptualize the economic man as a cultural creature but as a trading animal—the famous typification of Adam Smith— whose culture is outside the market. A recent example of this perspective is represented by Amelie Constant and Klaus Zimmermann in their edited volume *International Handbook on the Economics of Migration* (2014). They focus heavily on the impact of identity on economic variables, seeking for relationships between ethnic identity on the one hand and wage, labor participation, and economic assimilation on the other, without, however, accounting for the process behind the statistics. In my approach, culture is *in* the market, *not* outside it, and is one of the major driving forces of the economic actor in the diaspora. The economic man in the Indian diaspora is

not regulated by an invisible hand; rather, it is an Indian hand that drives him (or her).

That Indian hand, the cultural bond, does not only apply to the inflow of resources. It also applies to the consumer taste current in overseas diaspora communities. These communities are highly hybrid, due to their different origins in space and time and their different social capital and opportunities in the societies they migrated to. Considering this cultural diversity, the question arises: how has the Indian diaspora come to constitute an international market? In a recent paper, I argued that the Indian diaspora maintains similarity, even convergence, through the consumption of Indian commodities, notably artistic products, along with the celebration of major religious and other events. From this finding, we can infer two conclusions: first, the consumption of Indian commodities—be they food, dress, medicine or movies—not only maintains the similarity in taste and Indian identity, but also diminishes cultural distance; and second, this cultural bonding is pivotal for the diaspora. It buttresses the market culturally, just as most markets rest on cultural underpinnings like trust, taste, honesty and reasonableness. If this cultural foundation is jeopardized, it will affect the cohesion of the diaspora community as a whole.

Ladies and gentlemen, I have argued that diaspora economics is driven by cultural bonding as much as by financial returns, that remittances are determined by family considerations, that foreign trade between the homeland and the diaspora community increases most likely thanks to the mediating role of individuals and families, and that ethnically determined taste is foundational for the consumption of typical diaspora commodities. If culture matters in economics, the economic man is not as universal as the discipline claims because no culture is universal, even those that predominate today. The elements of culture affecting the economic process differ from culture to culture, and economic processes are much more complex than suggested by micro-economic models. I find it, therefore, a grave omission that the discipline has stripped the economic man from its cultural software. Without this cultural dimension, it is difficult to impossible to comprehend why investments are made in specific sectors or why returns on investment are conceived differently than what is suggested in economic textbooks.

There is one point I would like to emphasize. In the economic discipline, there is now ample attention being paid to the externalities of production and distribution—think of environmental effects. Similarly, consumption also generates externalities. In the Indian diaspora these consist of bonding effects, especially when it comes to the consumption of cultural commodities. I would

like to point out two related bonding effects that are pivotal to the maintenance of the diaspora. The first consists of the specific nature of diaspora markets, notably the markets of ethnic businesses, tourism, ethnic services such as religious festivals, medical services, and Bollywood. These ethnic forces are foundational for the diaspora as a global edifice since it is their mutual involvement, not merely the descendance of emigrants, that constitutes the Indian diaspora. The second bonding effect is sorted out at the level of the diaspora ethnic group in a host society. At that level, the consumption of Indian commodities increases the internal bonding and strengthens the cultural identity or cohesion of the group. Without this cohesion, the community would not constitute a diaspora market segment, spatially speaking, and therefore, there would be no diaspora.

## Policy

What are the policy implications of this conception of Indian diaspora economics? Well, that depends on the policy targets. I would suggest two major goals: the strengthening of diaspora relations and the distribution of the proceeds. First, the strengthening of diaspora relations. For some time, especially since the advent of the *Bharatiya Janata Party* (BJP) in India, the

Indian diaspora has gained political attention. That is elucidated in the attempt to get rid of the distinction between the non-resident Indians (NRI's), and the People of Indian Origin, PIOs, who, for a long time also have been considered as NRI's, in this case as Non-Relevant Indians (joke). The Indian diaspora, although being a highly diverse ensemble of diasporas—think of the Sikh diaspora, the Tamil diaspora, the Gujarati diaspora, the Bengali diaspora and more—the Indian government has nevertheless tried to unite this hybrid ensemble.

In this context, Amartya Sen (2005), while engaging with the BJP, argued in his *Argumentative Indian* that Indians outside India should derive pride from India. To that end, he provides an impressive account of India's cultural, intellectual and political achievements. And indeed, I have the distinct feeling that there is a rising involvement of diaspora communities with India. The rise of India as a regional superpower; the increase of welfare levels in many parts of the world since the 1980s, enabling a visit to the ancestral homeland; and not least of all, the worldwide popularity of Bollywood, account for this tightening up of the Indian diaspora. However, I also believe that this upswing of global Indian identity sooner or later will turn into a downswing. That may be due to the economic conjuncture, domestic causes, a decrease of Bollywood's popularity or a collapse of tourism. To cushion such a downswing, the Indian government

should focus on the cultural glue of the diaspora. For example, India may increase its visibility in diaspora communities, not only through its embassies, but also as the ancestral homeland that pays attention to the oppression of diaspora communities, as happened in many societies in Africa and in some societies in the Caribbean. Other items of policy include the maintenance of global identity, including the preservation of the taste that is so pivotal for the market of Indian cultural commodities. These are challenging policy issues, but considering the ambition of the present Indian government regarding the diaspora, I am somewhat optimistic.

The second policy goal is equally challenging. We saw that diaspora economics is a movement of resources from dispersed diaspora communities to the homeland. Whether we look at diaspora tourism, foreign trade, medical services, capital formation and the like, India is gaining from the diaspora. In economic jargon: diaspora economics is unequal trade. And that is nothing new for a homeland that acts as a source culture. However, for a long-term involvement, the gain should be more equal. The issue here is that India has no competition as homeland and that this homeland has something to offer. Yet I believe that the Indian government can do a few things to involve diaspora communities economically as partners in international exchange. For example, it could stimulate Indian tourists to visit diaspora communities. Until now this tourism

consisted of a spontaneous flow to Western societies, but I am not sure whether that was because of family visits or enjoying Western culture. I would recommend advertising Asian, Caribbean and African societies to these Indian tourists and clarify to them that the Indian diaspora is as diverse as India itself. In this context, Bollywood, which prefer to shoot movies in rich Western locations or at beaches in less prosperous societies, may become part of this advertising campaign.

An increase in tourism from India to diaspora communities would benefit the latter and increase global bonding. India could also stimulate investments, provide scholarships and training, and cooperate in such domains as science, arts and politics. I know this is happening, but I suggest a substantial increase in such participation. That would reduce the asymmetry of the relationship between the homeland and the diaspora communities a bit, as well as increasing the mutual involvement of the diaspora and distributing the cultural and economic proceeds better. Not only should the diaspora move toward India, India should move to the diaspora communities—that is what I am trying to convey. Such a mutual involvement would buttress the pride and dignity that Amartya Sen advocated.

One final word regarding the relationship between the homeland and the diaspora community. The focus until now has been on the benefits for India. While those benefits are inexorable, diaspora communities should be more active in presenting their assets to increase trade, tourism, investments and international cooperation. For a sustainable, long-term involvement, it takes two parties to tango, even in the Indian diaspora.

I thank you for your attention.

Ruben Gowricharn