

## BOOSTING GROWTH THROUGH REVERSE BRAIN DRAIN: INDIA'S KNOW-HOW

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At a time when migration policies are beleaguered with controversies brought to the fore by national security and economic concerns, the issue of labor migration has proven to be a polarizing subject that has fueled debates among policymakers and world leaders. Interminable discussions have run the gamut from impacts and challenges of migration to crafting policies that will guarantee equal opportunities for both migrants and the local workforce.

While it remains unclear how migration policies will play out in the coming years, one of the challenges faced by states is how to move forward in an increasingly globalized and highly competitive era where states are grappling for scarce resources, including skilled people.

In migration discourse, brain drain is considered a ubiquitous phenomenon. Brain drain refers to the international transfer of resources in the form of human capital, i.e., the migration of relatively highly educated individuals mostly from developing to developed countries. This phenomenon is deemed challenging as it leads to talent deficit in the countries of origin.

A common argument about brain drain is that many migrants from less developed countries are the very ones that these countries can least afford to lose: the highly educated and skilled. This contributes to the constraints on the future economic progress of the developing countries. As such, although it is the right of every person to migrate, international labor migration can be seen as a zero-sum game.

Conversely, there are returning migrants with accumulated knowledge, expertise and skills, which are deemed potential contributions to the development and growth of the source country. This phenomenon is called “reverse brain drain.” Policymakers and business groups would do well to provide more opportunities to entice migrants to return and use their skills at home. States recognize the substantial contribution of migrants to the economy through remittances or direct investments. Migrants can also play a crucial role in opening opportunities for dialogues between host and home country, which can aid in crafting foreign policies. In this vein, India’s experience in reverse brain drain is instructive, especially for developing countries with a large diaspora like the Philippines.

### *The tiger’s allure*

India is known to have the largest diaspora with around 30 million Indians scattered outside the country. Some of these migrants, especially the highly skilled, pursue higher education or conduct research in premier educational institutions and in sophisticated laboratories not available back home. Others are drawn by the prospect of a better standard of living and entrepreneurial opportunities.

For these reasons, many Indian migrants were often viewed with suspicion or even resentment by fellow Indians, perceiving their migration as abandonment of motherland. But as history has shown, a significant paradigm shift in policies related to the Indian diaspora – from India’s first Prime Minister Jawaharlal Nehru, who declared that ethnic Indians who chose to live abroad should consider themselves as citizens of their host country, to that of former Prime Minister P.V. Narasimha Rao, who facilitated drastic economic reforms that allowed the Indian diaspora to participate in the Indian economy.

With India bullish on expanding its economy, recent developments suggest that it is now experiencing reverse brain drain. Indian professionals trained and based in the US are returning in increasing numbers to take advantage of the country's upward economic trajectory and concomitant employment opportunities in the field of science, technology and innovation (STI). This group of returnees are established professionals with valuable work experience and entrepreneurial skills and is a resource that is welcomed by the Indian government. Most of them have access to global networks and venture capital.

Chacko (2007) argues that the increasing number of returning migrants was precipitated by several factors.<sup>1</sup> The economic liberalization in 1991 resulted in higher foreign direct investments, from USD 74 million to USD 44 billion in 2016,<sup>2</sup> and establishment of more multinational companies. New laws and tax guidelines resulted in increased remittances from Indian migrants. In response to globalization, some cities developed specific cultures to lure overseas skilled personnel, investments, and businesses. Local governments, private and public sectors, and experts converged to develop and promote economic bases and necessary infrastructures for the transformation and development of these cities.

After decades of continued growth, cities like Bangalore and Hyderabad have become magnets for a stream of returning skilled immigrants. In particular, these cities offer career opportunities and familiar western-style work environments in their technology, business and industrial parks, research institutions, and multinational firms. In fact, some Fortune 500 companies and other large corporations have turned to India for software programming and development, call centers, and back-office operations. Today, both cities are at the forefront of information technology, biotechnology, and start-up companies.<sup>3</sup> Furthermore, India has made significant investments to improve its digital infrastructures, develop Software Technology Parks (STPs), and build residential townships to cater to its returning migrants.

Leading Indian technology firms are in constant lookout for Indian graduates from premier American universities to fill up their middle and top level positions. The majority of multinational companies are managed by Indians who had lived and worked abroad. The dual pulls of home and professional advancement have been successful in drawing highly skilled professionals from abroad.

Without a doubt, the returning migrants, who were part of the brain drain brought skills, connections, and capital that helped thrust the Indian STI industry to the forefront. In his speech during the Pravasi Bharatiya Divas,<sup>4</sup> Prime Minister Narendra Modi announced, "We are converting the brain drain to brain gain."<sup>5</sup>

As Prime Minister Modi underscores the importance of the Indian diaspora as a vital actor in India's growth, the Indian government is also implementing programs designed to reverse brain drain, particularly in the field of science. With this in mind, the SERB National Post-Doctoral Fellowship was recently launched to fund pure science Indian scholars who have completed their PhDs abroad to allow them to continue their post-doctoral research in India.

### *Creating opportunities*

The Philippines, with around 10 million overseas Filipino workers, is also facing challenges in addressing the shortage of skilled workers, especially in the fields of science and information technology. For Mendoza (2015), the challenge for the Philippines is to ensure that workers are available to fuel domestic growth and development while recognizing every Filipino's right to emigrate and, in the right circumstances, to return.<sup>6</sup>

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The Philippines' low level of research and development (R&D) expenditure particularly puts it at a disadvantage, not only in promoting innovation but also in establishing an industrial base, representing lost growth and employment opportunities. Expenditures of both the private and public sectors in the R&D stood at only 0.14 percent of the country's GDP, which is below the one percent benchmark recommended by the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Shortage of human capital investment not only compromises the quality of the workforce but also constrains the economy from producing highly skilled workers who can participate in high-productivity and high positive-externality production activity.

The Philippine Development Plan 2017-2022 calls for the strengthening of the long-running *Balik Scientist* program, which invites Filipino experts who have made their names abroad in various industries to return to the Philippines to develop their own entrepreneurial companies, conduct capacity-building programs, mentor local experts, or provide insights and knowledge in their fields of expertise. To this end, the government has also enacted the Inventors and Invention Incentives Act (RA 7459) which provides tax incentives and exemptions to locally developed technologies and inventions.

To facilitate further reverse migration to the Philippines, the government must sustain the economic growth and provide ample opportunities that will maximize the expertise of skilled workers in the country. In his speech to CEOs gathered in Vietnam ahead of the APEC Summit in November 2017, President Rodrigo Duterte cited the urgency of this issue and acknowledged that “brain drain must be reversed if real development is to be achieved.”<sup>7</sup> This will bode well not only for the country’s growth but also in providing an environment that cultivates the talents and skills of the Filipinos.

To this end, India’s experience has demonstrated that the basic ingredient of reverse migration is creating opportunities. ❁

## Endnotes

- <sup>1</sup> Elizabeth Chacko, “From Brain Drain to Brain Gain: Reverse Migration to Bangalore and Hyderabad, India’s Globalizing High Tech Cities.” *GeoJournal* (2007) 68: 131-140.
- <sup>2</sup> World Bank. <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2016&locations=IN&start=1991> Accessed on 19 January 2018.
- <sup>3</sup> Chacko (2007).
- <sup>4</sup> A feast celebrating the contribution of India’s diaspora.
- <sup>5</sup> Official Website of Prime Minister Narendra Modi. <http://www.narendramodi.in/prime-minister-narendra-modi-inaugurates-the-14th-pravasi-bhartiya-divas-in-bengaluru-karnataka-533756> Accessed on 15 December 2017.
- <sup>6</sup> Dovelyn Rannveig Mendoza, “Shortage Amid Surplus: Emigration and Human Capital Development in the Philippines.” *Issue in Brief* (Migration Policy Institute), <https://www.migrationpolicy.org/research/shortage-amid-surplus-emigration-and-human-capital-development-philippines> (accessed August 4, 2017).
- <sup>7</sup> Straits Times. <http://www.straitstimes.com/asia/duterte-urges-reversal-of-brain-drain-in-poorer-countries> Accessed on 18 December 2017.

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