



Migration Opportunity

What is the issue?

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- The McKinsey Global Institute (MGI) estimates that Indian migrants generate a staggering \$430-\$490 billion of GDP in the countries in which they live and work.
- They also send more remittances home than any other country's migrants. At \$65 billion in 2016, remittances are 3% of the national GDP.

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What are the benefits?

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- The evidence suggests that cross-border mobility of people has **boosted global productivity**.
- MGI estimates that migrants contributed around \$6.7 trillion, or **9.4% of the global GDP**, in 2015.
- Destination countries also benefit from the **innovation, entrepreneurship, and cultural contributions** that migrants bring.
- From 2000 to 2014, immigrants contributed between **40% and 80% of growth in the labour forces** of major destination countries in North America, the countries of the Gulf Cooperation Council (GCC), etc.,

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What are the problems?

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- Migrants from different countries **struggle to integrate** fully into their host economies, earning on average 20 - 30% lower wages than those of comparable native-born workers.
- They also tend to face **higher rates of unemployment**.
- In Western Europe and the United States, migrants from India experience 1 - 2% lower unemployment than native-born workers, while migrants from many other developing countries face up to 10% higher unemployment.

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What are the future prospects?

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- As population growth in the advanced economies slows in coming decades, **the need for migrant labour will rise**.
- Sheer economic logic ought to compel countries such as China, Germany, Japan, the United Kingdom, and the United States to favour skill-based migration as Australia and Canada have done for years, even in the face of rising pro-nationalist sentiments.
- In such a scenario, **India should invest in building skills** in order to boost demand for Indian talent in the face of potentially less open borders and competition from other countries.

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What are the steps taken by the government?

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- **Pravasi Kaushal Vikas Yojana:** A programme designed to raise the skills of young Indians seeking overseas employment.
- To complement this effort, the programme will map the jobs in demand in different economies so that India's education and training system can match those needs, and also forge partnerships with global institutes.

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- **Targeted training:** The combination of targeted training at home and more effective integration in their destination countries would give migrants more earning power and the ability to repatriate more.
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- But it could also produce broader “**social remittances**”. After working overseas, skilled migrants return with more knowledge of good business practices, and a network of global contacts they can tap for funding and collaboration.
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- **Diplomacy for development:** India’s new strategy of “diplomacy for development” is strengthening its image as an attractive destination for foreign investment, and NRIs are a key target audience.
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- PM has made an explicit appeal to Indians working abroad, asking them to contribute to economic development at home by investing in domestic businesses, etc.,
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- The Department of Science and Technology is launching a visiting joint research facility scheme that enables NRI scientists and technocrats to engage in research and development in India.
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What is the way forward?

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- To meet **the goal of doubling remittances over the next 10 years**, India would require a concerted, top-down strategy with government and businesses working in concert with receiving economies, and much expanded skills training and education at home.
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- Enabling India’s labour to become more **globally mobile and valued** can produce higher remittances in the short term and build human capital and global connections with powerful “**brain gain**” dividends over the longer term.
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Source: Business Standard

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