

A COMPREHENSIVE STUDY OF NON RESIDENT INDIANS IN THE DEVELOPMENT OF INDIAN ECONOMY

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ABSTRACT

The Non resident Indians who have Sizeable resources besides technical and . managerial skill, can support their motherland in a big way to attain the desired level of growth and development The contribution and the assistance which will come from NRIs is of great value and immense importance because each transfer enhances the foreign exchange pool of the country. This is also the major source of foreign currency inflow. Remittances also increase the purchasing power of people which drives the consumption market. NRI money transfers in India are channelized towards better education, healthcare, investments, savings etc.

Many a times NRIs provide financial assistance in natural disasters like the recent floods and they are also seen supporting charities. Their money transfers are employed in different sectors such as healthcare education system, infrastructure, investment and savings and many more.

They form just the one Percent of total population of India still creates a vital impact overall.

KEYWORDS: Non resident Indians, Foreign exchange, Purchasing power, Economic reforms, Industrial infrastructure, technology transfer, foreign investment, foreign collaboration.

RESEARCH OBJECTIVE

1. To find out the present scenario of NRIs contribution in the development of Indian economy.
2. To find out the areas in which NRIs contribution can enhance the economic growth of India.

industrial sector as well foreign exchange transaction.

2. Study of NRI population and data relating to their capital resources to assess the potentiality and the impact thereof on the Indian economy.

3. Study of Industrial policy for foreign investments, policy of technology transfer and policy of foreign collaboration to assess the present status of avenues and incentives to NRIs.

RESEARCH METHODOLOGY

1. Study of Legislation, regulation, rules and guidelines relating to NRIs and foreign investment in the industrial and non-

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4. Study of various repels and conference material for evaluation the legal, social and economic perspectives of NRI investments in India.
5. In the process of interviewing various sample group, no questionnaire was, as such, preferred, since the entire process of meeting was discussion based. The discussion with various groups was also subjective and the aspects and subjects of discussion were largely focal and variant.

LITERATURE REVIEW

India is witnessing a drastic forward move in policies for trade, industrial and economic development. India has shifted gears from the past structure of rigid industrial and import licensing to a new freer and more flexible development policy framework. These policy changer have opened up significant opportunities of overseas firms to expand business opportunities In India. The recent economic reforms make it much easier and simple for foreign firms and NRIs to enter the Indian Market.

The foreign investors, Including non resident Indians, have gained a happy experience with India in terms of profitability, low cost of operations, growth of sales, assets, remittances by way of projects, dividends, know how fees and royalties

The investment in India has proved to be profitable and compares favorable facts for investing in India are as under:

- (i) Abundant availability of raw materials:
- (ii) A large reservoir of English speaking skilled labour force and third largest pool of scientific and technical manpower next only to the USA China.
- (iii) Extensive industrial infrastructure.
- (iv) A vibrant capital market and a strong financial system with a large network of commercial banks all over the country.
- (v) Responsive entrepreneurs class;
- (vi) Huge market of about a billion people out of which 250 million people belong to medium and high levels of income which forms an effective and an expanding market for all types of consumer goods commodities;
- (vii) Over the years India has emerged as one of the largest producers of many industrial products including scooters, bicycles, chemicals, engineering goods, electric goods and cotton yarn.
- (viii) In agriculture and mining, India occupies a leading position in respect of several items such as tea, coffee, sugar, iron ore and other minerals.

Besides above the new economic reforms and policy pronouncements offer a significant opportunity for investing in India. The Government of India has liberal policy for the promotion of investment by non resident Indians and overseas corporate bodies with at least 60% non – resident Indians and overseas corporate bodies. Have been provided a wide range of facilities and incentives for direct investment in firms and companies.

INDIA DIASPORA (PIOs & NRIs)

Country	Total Size ofCommunity	PIOs	Indian Citizens	Stateless
Algeria	26	5	21	
Argentina	1000	700	300	
Armenia	194			
Australia	91105	61807	29298	
Austra	12342	3504	8838	
Bahrain	130000			
Bhutan	1500			
Brunei	7200	100	7000	100
Chile	1050	550	500	
China (hongKong)	28500	6500	22000	
Denmark	22523	1000	1252	
Egypt	1390	40	1350	
Ethiopa	125	40	1350	
Fiji	352000			
Finland	1170	410	750	10
Kazaskhistan	1127		1127	
Kenya	100000	90000	100000	
Korea(DPRK)	5		5	
Korea (ROK)	1881	950	931	
Kuwait	288589	1000	287589	
Kebanon	11025	25	11000	
Madagascar	27000	24000	3000	
Kalaysia	2030000	3000000	30000	
Malaysia	9000			
Maldives	1209000	1200000	9000	
Moroco	29,20,000	2500000	20000	400000
Mozambuique	150			
Myanmar	21000	15000	3000	3000
Negeria	338905	700	338205	
Norway	5630			
Oman	338905	700	338205	
Islands	0000	4500		
SaudiArabia	125000	125000		
Senegal	500			
Seychelles	16000		16000	
Singapore	220055	220000	55	
South Africa	1300000		1300000	
Spain	16000	2000	14000	
Sri Lanka	338051	337620	413	
Sudan	1560	1200	360	

Surinam	160208	160000	208	
Sweden	10842	9244	1598	
Tanzania	95000	9000	5000	
Tjaoamd	60000	40000	10000	10000
UAE	1200000		1200000	
UK	1000000		1000000	
Yemen	109000	100000	9000	
Zambia	15000		8900	
Zimbabwe	15500			
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CONCLUSION

There is no controversy in recognizing the role of the Non Resident Indians for the growth and development of the country, specially, in the light of the fact that the Non resident Indians have attained abroad a really appreciable financial status. They are the most influential and the richest community in the countries of their settlement, including USA, UK, Canada, Hong Kong, Singapore etc. Indians in the USA are computer professionals, doctors, lawyers, teachers.

Nearly 40% of motels in USA are owned and managed by Indians, Similarly, more than 1000 hotels in London are in the hands of Indians, Moreover, in Many countries like Mauritius, Fiji, Guyana, they virtually run the economy and trade as they outnumber the locals. Some renowned NRI industrialists are; Hinduja family in UK, SwarajPaul in UK, Chamarias in Singapore, AK Chauhan in Germany, Hari Lela, Sam Pitroda, Tidu Mani, Mittal of Mexico. The present NRI investment in India is estimated to be around Rs.\$15 Billion. The estimated resource pool can turn the destiny and face of India, if invested herein.

The large financial resources, access to technology and overseas markets have placed them in a serious significant position, where they can make enormous contribution for the development of their country.

The Economic infrastructure of the Country requires careful and planned growth. The country cannot run on the highway of development unless the infrastructure is developed, strong and complete. The infrastructure should generally include the following, which are essential prerequisite for the growth and development of industries and economy:

- (a) Transport including Roads, railways, Airport, Ports etc.
- (b) Communication including telecommunication,
- (c) Banking including development finance institutions,
- (d) Insurance including all kinds of insurance products.
- (e) Fiscal System, including taxation rate – structure and system for direct & indirect taxes,
- (f) Energy including power for industrial and non – industrial purposes,
- (g) Market network including rural markets,
- (h) Import of raw material and technology,
- (i) Export of produces and services,
- (j) Government policy for growth & development of various sectors including servicesector,
- (k) Level of computerization and automation in various services including processcontrols,
- (l) Labor relations and legislation in that regard.

The condition of various segment, stated above, is far from satisfactory. The state of affairs in the transport sector is miserable. The conditions of Roads in India is highly unsatisfactory and inadequate. The expressways have not yet been made to facilitate speedy transportation. In case of railways also the load on the tracks and various express routes is too high than it should be considering the status of railway safety standard. The development of new tracks, expansion in the existing tracks and addition of additional tracks has not been satisfactory during the past

50 years. The rolling stock is inadequate, the maintenance of railways, engines, cargo wagons and passenger cars etc. is highly unsatisfactory and requires sizeable investment and management. The international airports are facing the crisis due to lack of advanced traffic control system. Air Transportation have failed to improve the situation. The cargo clearance is far from satisfactory, the custom rules are archaic and the management at the airport, even at the Metro is much below the international standards. The exporters have to face enormous difficulties in managing to dispatch their consignments by air in time. Similar condition is prevalent in the water transport segment. The lack of modern port, deficiencies in the bulk cargo handling and clearance capacities, lack of wharves, jetties and warehouses beside the ports, lack of special cargo handling equipments at the ports, lack of dry ports etc. has made the conditions bad to worse. The condition of inland waterways is never better than this. In rivers like Ganga, Brahmaputra, Hugli, Yamuna, Chambal, Narmada, Tapi, Godavari, Mahanadi, Periyar, Krishna, Kaveri, which are perennial etc. adequate potential for development of waterways is available at various spans. Beside the above, the pipeline transport is also not much developed in India. The transportation of

gas like LPG, CNG, etc and the liquid petroleum like petrol, diesel, Kerosene, naphtha etc. is being still.

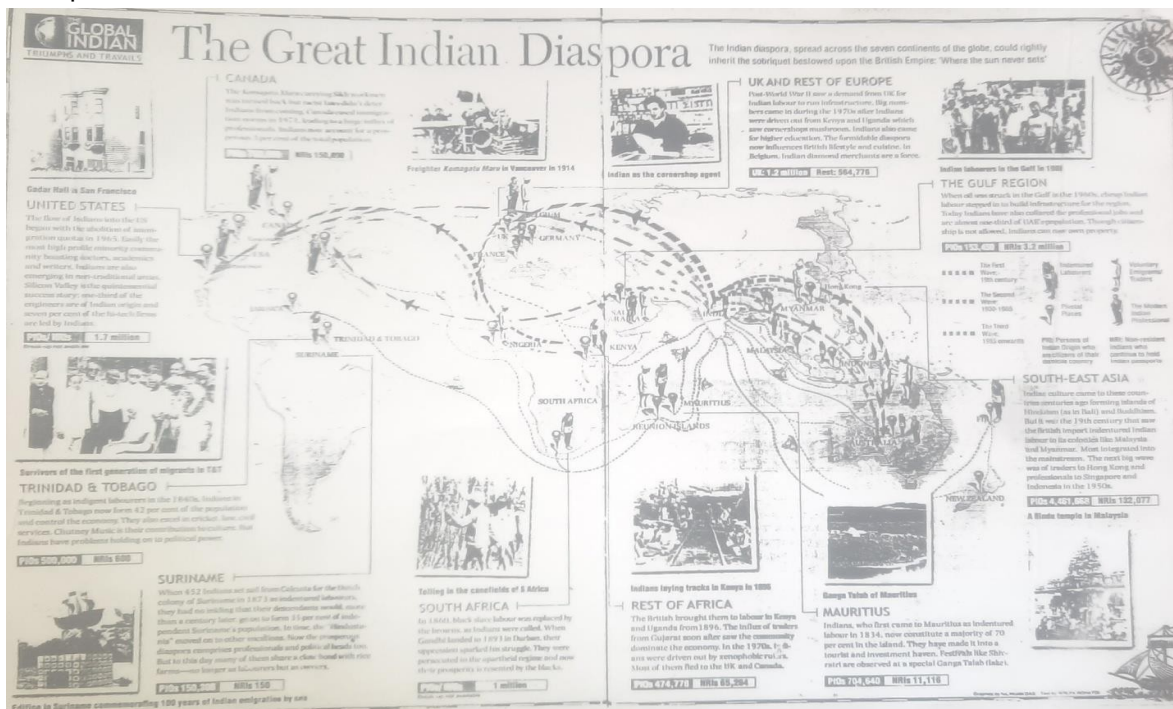
SUGGESTIONS

The Government of India has, of late, recognized the importance of NRIs contribution and importance of foreign capital. Various reforms have been made, structural changes have been announced, simplification of laws and procedure is in process and the Government is attracting the foreign investors including NRIs with a number of concessions, incentives and benefits.

Every year Prawn Bhartiya Diwas is also organized in this regard.

1. If India wishes to increase foreign direct investment inflows from both its diaspora and other investors, she has to invest heavily in infrastructure, both social and physical, create through administrative reforms an operating environment conducive to conducting business and implement the so-called second generation reforms to increase the dynamism of the Indian economy.
2. The Industrial Policy needs reconsideration. The Government should consider opening up all the sectors except defence production and allied fields. It is desirable that the development and growth of industries is decided by the market forces acting at international level.
3. The policy for Import of Technology should envisage the development of technology inside the country. The approach should be controlled and regulated. This shall enable utilization of scarce foreign resources in an equitable manner. Further the technological imports for the low priority industries and consequent repatriation of royalties and other abroad is not desirable at the juncture.

4. Simplification of procedures at all the levels right from the conception of the project or business plan up to its accomplishment is utmost desirable. The archaic laws, rules and regulations have been working as speed breaker to the growth and development of the country. It is essential that such laws, rules and regulations should be dismantled
5. The foreign investment should be allowed for the long term growth plans. The admission of foreign capital simply in the capital market schemes may jeopardize the financial system of the country in the long run, as it would result into outflow to the capital market by the foreign investment institution and the overseas body corporate.
6. A Comprehensive plan for the NRI investment may be drawn in consultation with the giant NRIs and PIOs enterprises working abroad. They should be given due consideration and participation in preparation of plan to enable them to invest their sizeable resources in the development of the country.
7. The Government should concentrate on the infrastructure projects and seek participation by NRIs through a designated fund and by a separate Infrastructure Development Authority. The development of Roads, railways, construction of bridges, dams, organization of transport system, communication system etc.



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