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Pravasi Bharatiya Divas

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Engaging Diaspora
Connecting Across Generations



REALIZING THE DREAM OF A PROGRESSIVE AND INCLUSIVE INDIA – A YOUTH PERSPECTIVE



Pravasi
Bharatiya
Divas

This report is prepared & compiled by FICCI

BACKGROUND

India is fast emerging as a youthful and exuberant nation where approximately 50 percent of the working age population is in the age group of 18 years to 35 years. There has been a sharp reversal in migration trends and a number of experienced and educated NRIs are now returning home to use their knowledge to build an inclusive and economically sound future for the country. This has led to the creation of a unique synergy wherein young Indians worldwide are now set to shape the future of the India growth story. This synergy is expected to be directed by the core principal of inclusive prosperity and driven by innovation and technology.

The demographic dividend from this synergy is expected to be one which creates a self-sustaining impetus wherein young Indians are expected to contribute towards all the variables that determine economic growth. They are attracting investments to the economy, being more educated than their previous generations, they are providing the human capital required to service industrial growth; and finally they are working towards building institutions that are becoming a medium of change in society.

Against the above backdrop, this paper seeks to explore three distinct domains in which the resident and NRI youth are forming partnerships to create sustainable models of growth that can confront global challenges in the socio-economic sphere.

- The paper looks at how the Indian labor market is transforming into one which is far more educated and better skilled and how the reversal in migration trends are adding to the experience and expertise available in this market.
- Further, it explores how Indian youth is increasingly looking at entrepreneurship as a career choice and how a number of experienced NRIs are now returning home to setup niche businesses. It also looks at how a fair chunk of these businesses are based on innovative models and are being founded with a large social footprint.
- Finally, the paper examines how the Indian youth are partnering with NRI youth to develop not-for-profit institutions that are looking at ensuring that development transcends the limit defined by the economy and translates into improved social up-liftment.



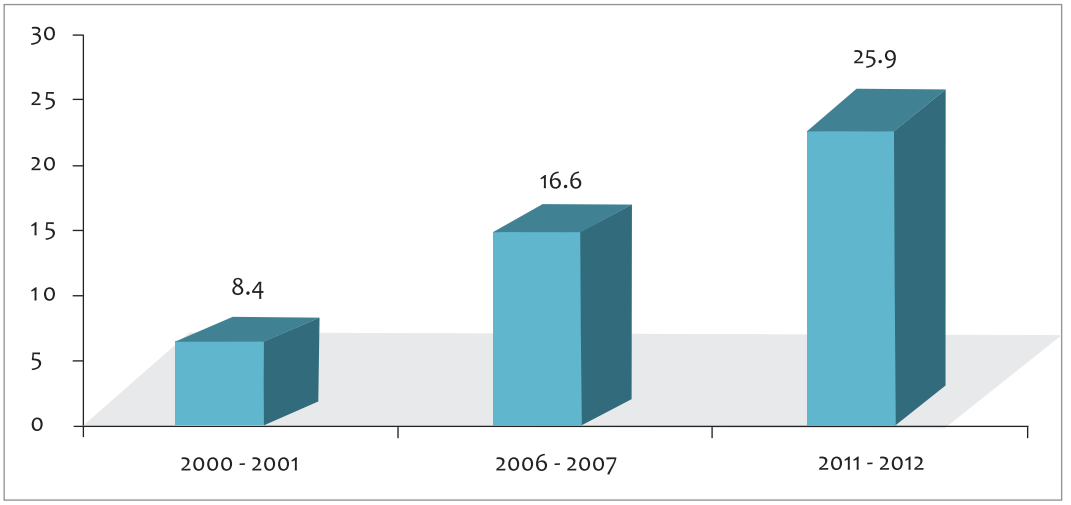
REALIZING WEALTH FROM HUMAN CAPITAL

As the world realizes a sense of normalcy post the recent economic downturn, emerging markets are searching for a fresh impetus to their own growth stories. In the Indian context, this thrust to a higher growth trajectory is expected to originate from the demographic dimension of the society. The Indian population is heavily skewed in favor of the age group of 18 years to 35 years. As of year 2011, this cohort accounts for 31.3 percent of the overall population and 50.6 percent of the working age population (15 years to 60 years of age)[1].

This clearly sets aside this segment of the society as a powerful catalyst for economic growth and prosperity over the coming decade. Further, what is most notable about this component of the workforce is its ability to identify itself as being more skilled and educated than its predecessors.

The percentage of workforce with secondary education in India has increased from 14 percent in 2005 to 36 percent in 2010[2]. At the same time, the pursuit of higher educational qualifications has also increased and this has resulted in a rapid rise in the number of students enrolled at higher education institutions such as Colleges and Universities.

Number of students enrolled at higher education institutions (million)

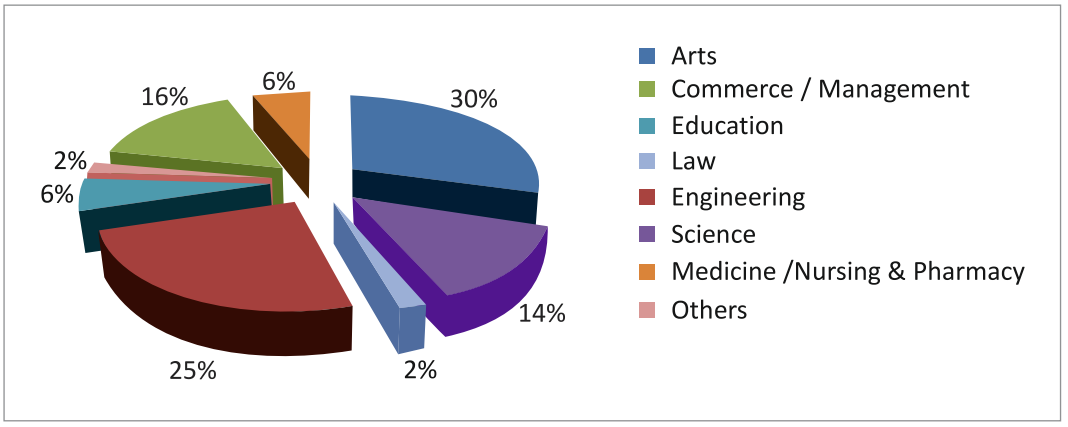


Source: Higher Education in India: Twelfth Five Year Plan (2012-17) & beyond – Report by EY, FICCI and Planning Commission

[1]Census of India, 2011, Ministry of Home Affairs, Govt. of India.
[2]http://data.worldbank.org/indicator/SL.TLF.SECO.ZS

Further, a major portion of the students enrolled at higher education institutions are pursuing courses that directly support the development of businesses and industry. Students pursuing courses such as engineering, commerce/management, law and medicine/nursing & pharmacy now account for approximately 49 percent of the total enrollment at higher education institutions. Further, over the past five years the enrollment in professional courses has increased at a CAGR of 20.6 percent. During the same time period, the enrollment in general courses has only increased at a CAGR of 5.6 percent. This clearly highlights the momentum towards professional courses[3].

Stream-wise breakup of enrollment at higher education institutions : 2011 – 2012



Source: Higher Education in India: Twelfth Five Year Plan (2012-17) & beyond – Report by EY, FICCI and Planning Commission

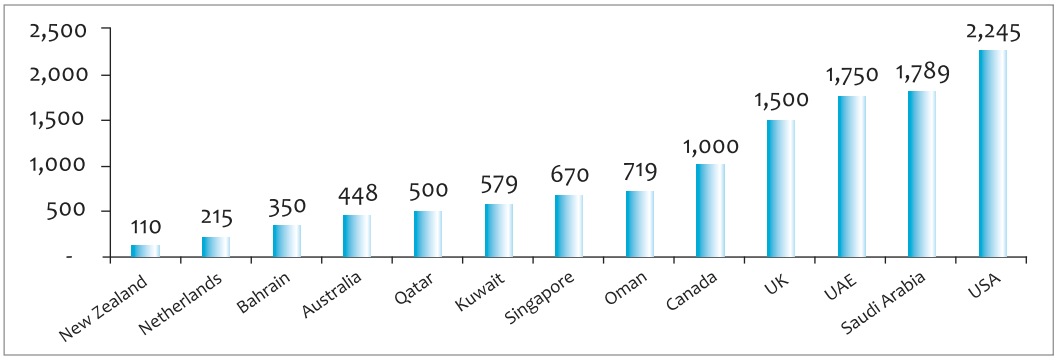
As a result, the country's landscape is developing to be one that will see youth as the primary determinant of economic growth. The magnitude of the dividend that the country is expected to draw from the current demographic profile can easily be understood if one examines the role Indian youth has played in the growth story of countries across the globe.

The technical capacity of the country's young labor force is clearly exhibited by the demand for Indian work force in major economies across the globe. Over the years, the country has produced a vast workforce of technical manpower and skilled labor that has been drawn upon to build brands, businesses, enterprises, infrastructure in a number of host countries.

As of May 2012, 21.9 million Non-Resident Indians (NRIs) and Persons of Indian Origin (PIO) are contributing to the development and socio-cultural evolution of some of the world's largest and most notable economies[4].

[3]Higher Education in India: Twelfth Five Year Plan (2012-17) & beyond – Report by EY, FICCI and Planning Commission
[4]http://moia.gov.in/writereaddata/pdf/NRISPIOS-Data(15-06-12)new.pdf

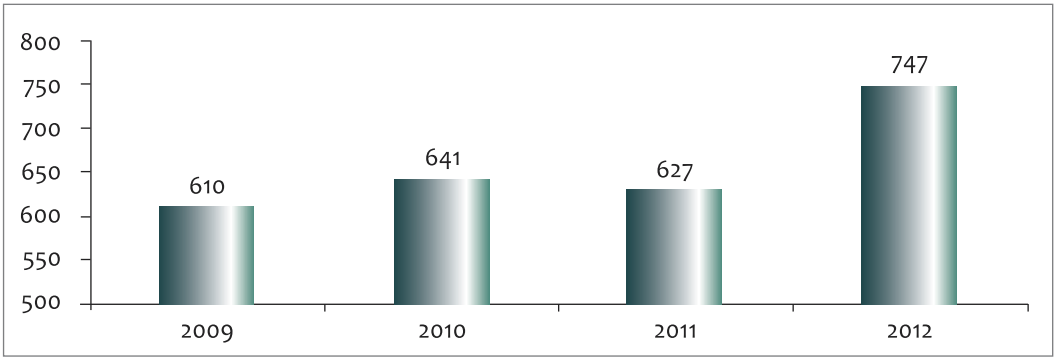
Population of NRIs & PIOs in Countries receiving major share of migration : 2012 (thousands)



Source: http://moia.gov.in/writereaddata/pdf/NRISPIOS-Data(15-06-12)new.pdf

While the bulk of the migration to economies such as Australia, USA, UK, Canada & Singapore has seen the movement of technical manpower, the migration to the Middle-Eastern & South East Asian nations is primarily based on the movement of skilled labor. This clearly highlights that the Indian work force has the capacity to supply both technical manpower and skilled labor and as such has the capacity to serve both the service sector and the manufacturing sector.

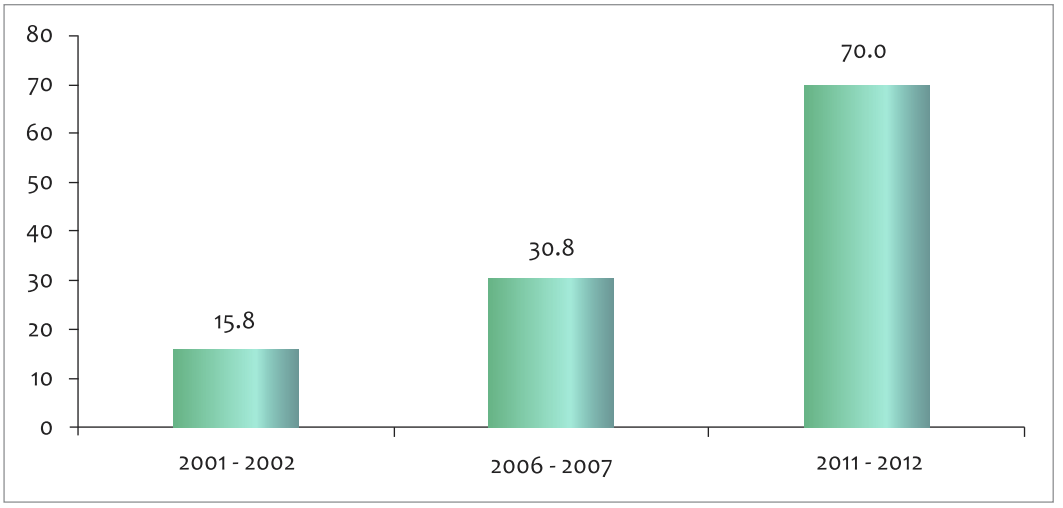
Labor migration over the years (thousands)



Source: Ministry of Overseas Indian Affairs, Annual Report 2012 - 2013

While the migration of such skilled and technical manpower has drawn on the availability of such resources within the country, these ambassadors of Indian skills, ability and ingenuity have continued to play a pivotal role in supporting the India growth story by contributing valuable private remittances. In the financial year ending 2012, NRIs and PIOs sent home private remittances totaling to approximately USD 70 billion, making India the global leader in terms of receipt of private remittances.

Private remittances over the past decade (USD billion)



Source: Ministry of Overseas Indian Affairs, Annual Report 2012 - 2013

However, NRI and PIO contribution to India's economic growth is fast developing a new facet where young Indians are increasingly returning home after completing their education or after gaining a few years of work experience abroad. Thus, the migration patterns are fast turning to a direction where India is exporting young talent and in return importing experienced manpower with niche expertise.

The Indian economy is characterized by missing markets for employees with the skills required to work in and manage emerging industries such as water & sanitation, water & power supply management, recycling and resource foraging, GIS, land surveillance & mineral exploration, forensic & risk, organized retail, supply chain, warehousing & transport, online retail etc. However, these areas are gaining traction and the requirement for professionals with such skills is on the rise. As a result, a number of experienced professionals are now returning home to be the first to offer their services in these sectors.

According to a recent study concluded by the Harvard Law School, 79 percent of US NRIs returning home are doing so because of the increased demand for their skills in the country. Further, 61 percent of those returning home are doing so as they feel that there are better opportunities for career advancement in India. Therefore, it is only apt that the market is rewarding and recognizing them for their decision by providing them with key managerial responsibilities that would leverage upon their experience to help build new brands and businesses in India. So, while only 10 percent of those who decided to return home occupied senior managerial positions, upon returning home 44 percent of respondents reported being employed in senior managerial positions [5].

[5] http://profit.ndtv.com/news/your-money/article-the-reverse-brain-drain-why-nris-are-returning-to-india-372361

BUILDING MICRO-CENTERS OF GROWTH AND DEVELOPMENT – YOUTH & ENTREPRENEURSHIP

In the light of the aforementioned changes in the fundamentals that have directed and dictated the emigration and immigration of skilled manpower in India, it is interesting to observe that the NRIs returning home are not only looking at the Indian market for employment opportunities but are rather increasingly looking at establishing new businesses in the country. The study mentioned above also found that 86 percent of the NRIs living in USA feel that the best days of the Indian economy still lie ahead and as a result approximately 53 percent of those returning home are doing so to setup new entrepreneurial ventures[6] .

The USD 70 billion received in the form of private remittances in the financial year ending 2012 clearly highlights the financial capacity of NRIs. The fact that they are choosing to utilize this capacity to invest in the economy and to develop new businesses is expected to have a far reaching impact on India's position in the global market. Here again it is important to note that a number of these businesses are being setup in niche areas which were earlier categorized as missing markets. Therefore, the setting up of these ventures is expected to have a far greater multiplier effect on the economy.

The rise of these NRI owned and managed businesses clearly coincide with the rise in entrepreneurial fervor amongst youth in India.

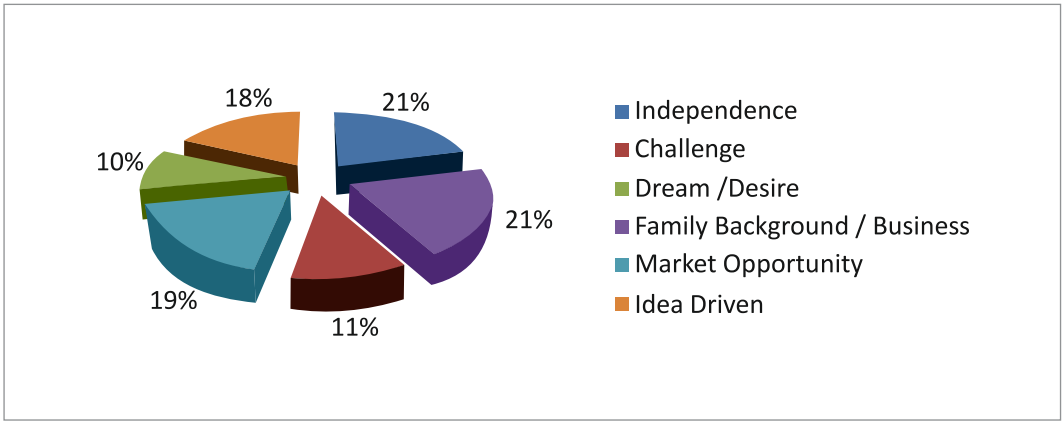
The last few years have seen a marked increase in the number of Micro, Small & Medium Enterprises (MSMEs) in the economy. As per the Ministry of Micro, Small & Medium Enterprises, the total number of MSMEs in the economy currently stands at about 44.8 million and represents a 24 percent increase over the numbers recorded for the year 2007[7] . This rise in the number of businesses has taken place over a time period which has also seen a rise in the proportion of youth in the workforce.

These businesses provide employment to approximately 101 million workers and produce a gross output valued at USD 306 billion[8] . Therefore, any improvement in the efficiency and effectiveness of these businesses can help in transmitting economic growth to the masses. The ideas, innovations and knowledge required to realize such efficiency and effectiveness are expected to flow from the country's youth. Being more educated and more comfortable in the use of technology, this portion of the population is in an ideal position to help in upgrading these businesses and positioning them on the world map.

[6]http://profit.ndtv.com/news/your-money/article-the-reverse-brain-drain-why-nris-are-returning-to-india-372361
[7]Annual Report, 2012 – 2013, Ministry of Micro, Small & Medium Enterprises, Govt. of India
[8]Annual Report, 2012 – 2013, Ministry of Micro, Small & Medium Enterprises, Govt. of India

Here as well, it is seen that youth has realized its responsibility and started delivering against the same. Young entrepreneurs are increasingly building their businesses on fresh ideas and innovation. As per a National Knowledge Commission report, 37 percent of young entrepreneurs started their businesses to capitalize on market opportunities (to cater to missing markets) or because they had a fresh idea/concept.

Motivation for becoming an entrepreneur

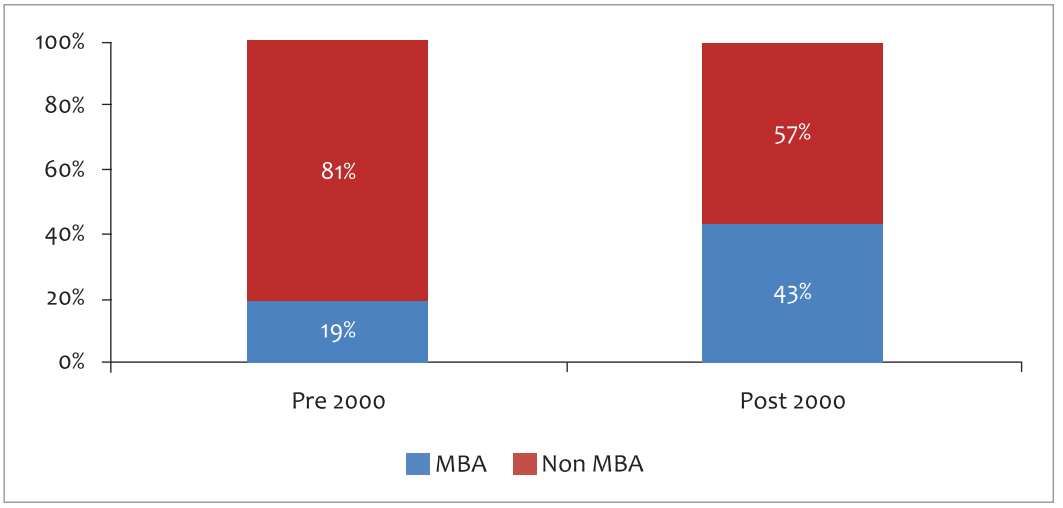


Source: Entrepreneurship in India, 2008, Study by National Knowledge Commission

To back their ambition with the required knowledge and experience, majority of the young entrepreneurs (especially in the SME category) are choosing to gain formal training in business management before setting up their businesses. This is clearly highlighted by the fact that approximately 43 percent of the young entrepreneurs who have setup their businesses in this millennia hold a Master's Degree in Business Administration. In comparison only 19 percent of the entrepreneurs from preceding generations held such professional qualifications in business management. Further, at least 82 percent of these entrepreneurs gained some valuable work experience in allied fields before founding their own businesses[9].

[9]Entrepreneurship in India, 2008, Study by National Knowledge Commission

MBA & Entrepreneurship



Source: Entrepreneurship in India, 2008, Study by National Knowledge Commission

The entrepreneurial landscape in the country is fast evolving and being driven by experience, expertise, technology and innovation. With an increasing number of Indian youth choosing entrepreneurship as a career and a number of NRIs returning home to setup new businesses, the country can expect to reap huge dividends through such ventures. The realization of this expected dividend is going to be further facilitated by the fact that this generation of young entrepreneurs is better qualified to setup and manage their businesses and is going to have at its disposal a more qualified and better educated work force.

The network of NRI entrepreneurs can benefit from this emerging landscape by expanding their businesses in India or by simply developing partnerships that can link Indian entrepreneurs to the supply chain of their businesses.

BUILDING INSTITUTIONS FOCUSED ON INCLUSIVE DEVELOPMENT

The impetus to the India growth story is expected to originate from and be guided by young Indians. However, even as the country is expected to see rapid economic gains it runs the risk of leaving behind certain sections of the society. It is therefore important to create enough awareness and knowledge amongst youth to contribute to the development efforts of the nation and help in improving the standard of living of their fellow countrymen.

Nehru Yuva Kendra Sangathan (NYKS) & National Service Scheme (NSS) – Platforms for uniting progressive young India

NYKS and NSS are two youth volunteer networks created by the Ministry of Youth Affairs and Sports (MoYAS), Government of India. With pan-India presence, these networks can play a very crucial role in building an inclusive and progressive India.

NYKS currently has a strength of about 8 million non-student youth volunteers enrolled through about 2.80 lakh youth clubs. NSS has a strength of about 3.25 million student volunteers. These networks are promoting social values and the spirit of community service.

Interestingly, a number of young Indians have understood the importance of addressing the same and have begun directing their energy and experience towards becoming a medium of change in the society. This realization somewhere resonates with the maturity that is setting into the Indian electorate. Young Indians are increasingly looking at themselves as a medium of change in society rather than just identifying themselves as one of the millions who elects that medium of change.

Having drawn lessons from their experience overseas, young NRI entrepreneurs who have returned home are showing a strong inclination towards developing their businesses under an 'impact investing' model. A number of young Indians are also choosing to base their businesses on such models and yet another set are building their businesses in rural areas. There is great opportunity for these entrepreneurs to work in partnership with volunteer networks like NYKS with presence in entire rural India, thereby enhancing the 'impact' of their social ventures.

A number of young venture capitalists are now working at building funds that specialize in providing seed capital and incubation support to businesses that have a sizeable social footprint. As a result, resident Indian and NRI youth are now collaborating towards galvanizing the entire length of the entrepreneurial value chain and are working towards making it more inclusive and socially responsible.

The Government of India also intends to promote 'social entrepreneurship' as an attractive employment proposition and to create enabling policy regime for setting up of ventures / funds for seed funding / angel investment that the social entrepreneurs require.

In order to support such inclusive economic development with increased awareness of socio-cultural issues, a number of young Indians have begun working on developing self-sustaining not-for-profit institutions that work towards promoting access to quality education, improved health seeking behavior, gender empowerment, social cohesion etc. The future progress of the country cannot be envisioned without improvement in such important human development indicators and social sector reforms are expected to be the key to sustaining such growth in the long run. Interestingly, the youth has selected to develop these institutions under more sustainable and scalable models. A number of these institutions are being setup and operated using a strong corporate fabric. As a result these institutions are being actively supported and handheld by Indian corporates and large multinationals.

Given the aforementioned model of operation, a number of these organizations are being supported and partnered by young NRIs from across the globe. In fact, the NRI youth has found multiple mediums, platforms and channels to support social causes in the country.

Some NRI youth have decided to setup or contribute towards state, community or cause specific trust funds. Many others are choosing to provide endowments and grants to premier educational institutions working towards producing research and knowledge in areas that are critical to the country's growth. Yet another set of NRIs are forming networks that encourage young NRIs to return to India for short term rural postings which require them to utilize their experience and expertise to find innovative solutions to challenges faced by local communities. Here again, youth volunteer networks like NYKS can play an important role. Young NRIs can work with NYKS youth clubs, thereby making a valuable contribution to their country.

With youth being more comfortable with electronic media and technology, they are in a position to better understand and assimilate government policies, programs and social messages, therefore becoming the first point of contact/influence for any move that seeks to empower the local community. Young India's ability to understand and use technology is also helping in reducing the distance and disconnect between the youth in India and those overseas. Social media platforms and electronic media are fast bridging this gap and developing a unique synergy with limitless possibilities. The diversity of ideas and areas of interest being discussed through these platforms means that young Indians across the globe are always likely to find a group with similar interest. This is opening up limitless possibilities in terms of how these ideas and interests can be developed into actions, projects and programs in their home country / state / region.

CONCLUSION

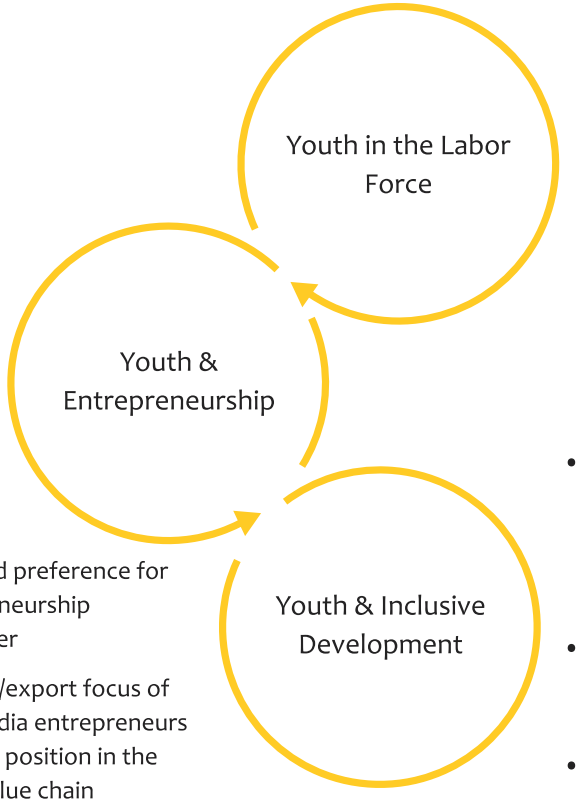
Thus, this demographic dividend is expected to be one which creates a self-sustaining impetus wherein young Indians are expected to contribute towards all the variables that determine economic growth. This includes human capital/skilled labor, investments and capital contribution and management of social enterprises that work to improve lives of people at the bottom of the pyramid.

However, while the youth in the country is more determined to work towards greater and more equitable economic development, they lack the experience required to walk this path. The reversal in migration trends and the return of a number of NRIs is expected to provide an influx of global experience and technical expertise that can help in strengthening and building Indian brands and businesses. As a number of Indian entrepreneurs build businesses with a global outreach, the Indian diaspora can help them in integrating with the global value chain by partnering with them and by procuring from Indian manufacturers and service providers.

Looking at the increased level of technical/skill maturity amongst the young Indian work force, a number of young NRI entrepreneurs have already begun developing such partnerships with young Indian entrepreneurs and many are also setting up/expanding their businesses in India.

Further, India's progress from here onwards is expected to be more equitable and inclusive as a number of young resident Indians and young NRIs are working towards developing businesses that have a larger social foot print and are therefore formed under an impact investing model. Others are looking at developing not-for-profit institutions that seek to formulate and implement innovative solutions to local/community level challenges. With this entire transformation being facilitated and recorded through social media platforms, the very concept of such partnerships and the value attached to this work is fast making its way to every corner of the country.

Therefore, if captured at its essence, the India growth story from here onwards is expected to be one which is scripted, directed and played out by the country's youth and the entire journey is envisioned to be built on a partnership between young resident Indians and NRIs.



- Higher work force participation
- Better educated and qualified
- Increase in proportion of workforce with technical education
- Influx of technical know how and experience from returning NRIs

- Increased preference for entrepreneurship as a career
- Outward/export focus of young India entrepreneurs and their position in the global value chain
- Increase in young NRIs starting and expanding their businesses in India

- Building not-for-profit centers focused on developing sustainable models of community mobilization and social change
- Focus on impact investing and building value chains that are inclusive of the rural workforce
- Building businesses and brands in rural and semi-urban India

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