

Abstract

The study examines the implications of skilled migration for growth and economic development in source developing countries, in a world that is increasingly integrated through financial, human capital, and information flows across countries. Its main objective is to understand the ways in which developing countries like India can benefit from their migration experience, in particular, through return migration and diaspora networks overseas, and to identify the required conditions and policies under which such benefits can be realized.

The study consists of a theoretical and empirical analysis of return migration and diaspora. The theoretical analysis consists of a trade-based theoretical framework that looks at the impact of return migration and diaspora on a source developing country via factor returns, production, and externality effects. The empirical analysis highlights the significance of return migration and diaspora, at the sectoral level for the information technology and health sectors in India, based on primary and secondary information. The case studies assess how empirical evidence on return migration and diaspora supports the results of the theoretical model, identifies reasons for divergence between the theoretical and empirical findings, and suggests differences in policies and strategies required across sectors to benefit from the migration experience. The policy implications that emerge from the analysis provide an indication of the future opportunities and constraints in trying to tap the benefits of return migration and diaspora investment.