



OULUN YLIOPISTO
UNIVERSITY of OULU

OULU BUSINESS SCHOOL

Nawrin Samad Urmi

DIASPORA AND ECONOMIC PERSPECTIVE

Master's Thesis
Department of Economics
May 2019

Unit Economics			
Author Nawrin Samad Urmi		Supervisor Marko Korhonen	
Title Diaspora and Economic Perspective			
Subject Economics	Type of the degree Master's Degree	Time of publication May 2019	Number of pages 47
Abstract			
<p>Diaspora members are migrants also inhabitants who contribute to the society in which they live in. It's like a process that implies transforming the relationship between home countries and host countries. Diaspora members always try to establish a potential relationship between countries through their multiple networks, identities and share things of belonging. Though the knowledge about diaspora is still limited they play a crucial role in economic perspective. It's really necessary to understand not only their motivations but also the modalities of the diaspora to facilitate the development is one of the most important matters. There is a strong connection between the diaspora and the financial market in developing and emerging economies. Sometimes it's difficult to attract foreign investors due to perceptions of high risk, volatile currencies, also for asymmetric information.</p> <p>In a border sense, diaspora may help to overcome this situation because of various perceptions of risk, informational advantages, and a bias toward home country capitalization. In economic perspective diaspora bonds, deposit account, remittance flows, transitional loans play a vital role in every sphere of development. A deposit account is conquered both in home and host countries. Another and most important part of a diaspora is the securitization of remittance flows. It allows banks to leverage remittance revenues for greater lending. Diaspora bonds permit the government to derive long term funds. There is also one kind of investment as a diaspora fund which assembles pools of individual investors for co-operative investments. Contributions of the diaspora to the home country beyond the standard monetary assistance. Ethnic and national identity make a difference between host countries and home countries.</p>			
Keywords Diaspora, Development, Migrants, Immigration, Capitalization			
Additional information			

CONTENTS

1. INTRODUCTION.....	4
1.1 Background of the study:	6
1.2 Motivation of the study:.....	7
1. HISTORICAL EVIDENCE OF DIASPORA :	10
2.1. African diaspora:	10
2.2. Asian Diaspora:.....	11
2.3. European diaspora:	12
2.4. Diaspora in the last century:.....	13
2.5 Twenty-First Century Diaspora:	14
2.5. Diaspora today:	14
2.6 Diaspora in host countries:	18
Why diasporas are different from migrants.....	21
3. ECONOMIC PERSPECTIVE OF DIASPORA:	22
3.1. Capital markets and development:	22
3.2. Investment:	22
3.3. Skills and knowledge transfer:	26
3.5 Human capital:.....	26
3.6 Social capital:	26
3.7 Cultural capital:	27
3.8 Securitization of remittance flows and transitional loans.....	27
3.9 Deposit account:	28
3.11 Diaspora bonds:	30
4. ANALYSIS OF DIASPORA IN DIFFERENT VIEW:	34
5. DISCUSSION AND CONCLUSION:.....	43
REFERENCE	48

1. INTRODUCTION

Diaspora economics is a similar word to migration economics. It introduces new objectives for the political economy (Constant & Zimmermann, 2016). The meaning and thought of diaspora have evolved to reflect the various cases of diasporic people (Constant & Zimmermann, 2016). Countries have set up high governmental bodies to interact with the diaspora population abroad (Terrazas, 2010). Diaspora has been a major subject and participants together in international discussion (Terrazas, 2010). Diaspora has important positive contributions to developments (Mohamoud & Formson-Lorist, 2014). The positive effect of diaspora through migrant remittances makes the wellbeing of the families in countries of origin.

The potential diaspora undermines the nation's state (Constant & Zimmermann, 2016). By combining diplomatic and political elements of diaspora it can be separated from migration (Constant & Zimmermann, 2016). Diaspora is varied and complex inhabitants. Diasporas can easily shape various policies in the host countries. Regarding the group, all activities of the diaspora keep the ancestry alive among group members (Constant & Zimmermann, 2016).

Diaspora makes diplomatic intermediary between the host and home countries. It influences migration systems. Diasporas work with host countries to increase return migration (Constant & Zimmermann, 2016). Several countries of origin have taken steps to formulate policies of diasporas engagement (Singh, 2012). They take steps in order to mobilize communities as resource development. The Indo-European diaspora shows a meaningful population in its size, spread, depth (Singh, 2012). The potential of the diaspora has earned developing international identification (Singh, 2012).

People who came from one country to another but for time being who now live in various parts of the world are normally referred to as a diaspora. Diaspora relates the contingent, flexible, and contested the meaning of the term. The word diaspora comes from the Greek verb *speirein* and the preposition *dia* which mainly signifies to the detached population resulting from the voluntary and involuntary movement of a special group. Some diasporas make crucial differences between the ethnic and

national form of beginning. All actions that diasporas undertake to protect the home countries during the war, natural disasters (Constant & Zimmermann, 2016).

There are some objectives in the diasporas term. They are as displacement, migration, and resettlement. The term Diaspora is used as D in upper case and diaspora d in lower case. Human and economic civilization all over the world can also be expressed by the term diaspora. Human and cultural societies in various parts of the world identify diasporas also with their condition. Diasporas also identify a homogenous organization of geographically displaced people like laborers or slaves under the empire. The unique nature of diaspora start-ups enables to exploit chances in diverse homeland contexts to create business and jobs (Mohamoud & Formson-Lorist, 2014).

Countries at dissimilar socio-economic development phases have long since exploited various measures in mobilizing Diaspora resources (Dutia, 2012). In terms of official investment, the two well-known examples of sovereign backing are the State of Israel Development Bonds of 1950. A major characteristic of Diaspora targeted sovereign financial gadget is the state's exclusive opportunity to raise low-cost capital (Dutia, 2012). The important features though are in certifying sustainability, timely interest payments, and to fiscal rules (Dutia, 2012).

The word diaspora is originated in the Septuagint around 200 BC referring to the Jewish exile (Deuteronomy 28:25 and Psalms 146(147).2.). Diaspora has been used another time to designate fleeing of Greeks mostly to Europe after the Ottoman Empire has been employed (Constant & Zimmermann, 2016). Finch et al. (2010) have been given a definition for British Diaspora as the entire population of British residents living overseas. It assumes some characteristics:

They are an evidently identifiable and self-identifying national group.

They have a sagacity of empathy and linking with other Britons in their country of residence and in other countries overseas.

They recollect an attachment to the UK and an interest in its affairs.

They demonstrate at least some diasporic awareness through setting up British clubs or business grids.

They activate collectively or show preparedness to be mobilized (Constant & Zimmermann, 2016).

Diasporas are immigrants who continue a connection, psychological or material, to their own place of derivation (Brinkerhoff, 2011, p. 116). Safran (1991) sets up four criteria their existence. In economics, the few who have been used diaspora made it synonymous to immigrants (Taylor et al. 2014). Plaza and Ratha (2011) define the diaspora as a first peer group of immigrants. While Beine et al. (2011) perceive diaspora as migration networks formed by first-generation immigrants (Constant & Zimmermann, 2016)

1.1 Background of the study:

Ancient period diaspora is continuing, and several types of motivational aspects are encouraging diaspora I different time. Day by day motivational perspectives has been changed. These motivational perspectives could be divided into various ways. The first motivation of the diaspora is economic progress. The earning of remittance is considered one of the most important motivations of diaspora.

Diaspora can send remittances as a group or association to help any communities or any village. The remittance money help to create urbanization of any country. For example, in Morocco, their investment of urbanization and industrialization are generated by the immigrant population.

The wide range of definitions notwithstanding, implicitly, the diaspora has to have three elements (Constant & Zimmermann, 2016). Remittance is used by families to solve their day to day problems such as health, education, or empowerment, thus actually participating in the national poverty aviation effort. For example, the Rwandan Diaspora have also manifested interest in supporting disabled and vulnerable communities in Rwanda, mostly the survivors of genocide, in areas of

education, empowering the small-scale businesses of vulnerable, and infrastructure development mostly in rural areas.

Accelerating globalization and amplified honesty and fragility of post-socialist economies has to lead to transformational shifts in the societies. The empirical studies suggest that as memories of the state retreat continue, and adequate market generated substitutes are still absent (Gevorkyan, 2008).

Diaspora enhances the investment, trade and commercial opportunities of the home countries. As a foreign investor, it is quite hard to collect local market information and it might be a risky investment for him or her. Alternatively, the diaspora can facilitate to invest in their native country easily. According to different country perspective economic perceptive is considered one of the most important motivation of diaspora in the past time.

In the current time brain drain is considered as another most important motivation of the diaspora. Diaspora is playing an important role in this perspective by recognizing the own human capital to the homeland and making a difference with their managerial and marketing skill.

For various reasons, UNs Digital Diaspora Network plans to mobilize diaspora entrepreneurs and mitigate their intellectual, commercial and financial resources. In this field, Chinese scientific is a prominent example of scientific diaspora. According to Chinese human capital strategies they always try to persuade their expertise so that they don't want to return home.

1.2 Motivation of the study:

Above all reasons of motivation, another important motivation of the diaspora is social-political importance. It is proved that the diaspora is to be a breeding ground for a new, development-oriented generation of leaders in all sectors. It plays a significant role in building an image for a new generation. For example, after the Rwanda genocide, a group of people was the migrant and the new generation of Rwanda gets a new social image abroad because of the diaspora.

Shain (2002) contends that there may be a discrepancy of identity and welfares between diaspora and homeland. Well, traditional diasporas resulting from liquidation that exist before the homeland became a nation (Constant & Zimmermann, 2016). The American and Jewish diasporas are such historic examples that involved provincial security (Constant & Zimmermann, 2016).

Different scholars have been presented the definition of diaspora as differently but most of them are focused on the field of migration and development. The diaspora economy is much more than a new world for migration. According to (Brinkeroff, 2011) diasporas are immigrants who maintain a connection, psychological or material to their place of origin. Before (Brinkeroff, 2011) another author Safran 1991 set up four criteria for diasporas:

1. Expatriate communities that preserve a collection of memory of the homelands.
2. Mention that the homeland of ancestors as their real home, hoping to return one day.
3. Diasporas are dedicated to restores as their homeland
4. Diaspora feels their homeland as their identity.

From Safran's criteria, diasporas are a little bit different from immigrants. A recent period of economics some of the authors have made diaspora as 1st generation migrants synonymous to immigrants. As well as, (Plaza 2011) express diasporas as the 1st generation of immigrants.

Overall from the different authors point of views diasporas must have three elements such as results from migration, due to economic reasons, natural or any manmade disasters. Migration must be dispersed to more than one host country with various social-cultural norms and rules. Here migrants preserve their norms and ethnic-religious identification personally (Safran 1991).

Financial flows from diasporas and their descendants are at the heart of the relationship between migration and development. Most policy attention to date has

focused on immigrants' remittances. There is little doubt that these remittances are large in developing countries alone (Terrazas, 2010). They have been estimated at nearly \$316 billion in 2009. That is lower than the \$335 billion recorded in 2008. Despite a downturn due to the global economic crisis remittances have proven much more stable. (Terrazas, 2010)

There are many differences between migration and diaspora. Generally, migration is a movement from the home country to the host country. But all migrants are not diaspora. Diaspora is not about the individual; it describes the stock of immigrants in numerous countries for many years (Constant 2013).

Beside different authors, different nations as well regions have a distinct perspective of diasporas. Africans Union Report (2005) defines the African diaspora as The African Union has defined the African Diaspora as consisting of people of African origin living outside the continent, irrespective of their citizenship and nationality and who are willing to contribute to the development of the continent.

On the other hand, European Commission (2005) defined a European Diasporas as While the individuals are citizens of the European Union and consider themselves part of Europe, of its culture and destiny, they also have important formal and informal links with fellow ethnic-religious communities.

Most of the countries have implemented their definition of diasporas as their own word. The Russian Federation uses its preferable word to define diasporas. According to their word Diasporas are the formal citizen of USSR. Russian citizens who lived abroad ethnic Russian speakers along with with their familiar and descendants, a foreign citizen who has cultural links to Russian. Russians immigrants from the USSR or Russian.

Above all Indian diasporas are considered the highest population of diaspora. Over 15 million migrants from Indians are living abroad. From international migration data migrants, Indians make up the biggest population living outside their country of birth.

2. HISTORICAL EVIDENCE OF DIASPORA:

The first notable trace of the diaspora happened when the Greeks fled after the fall of Constantinople and the expulsion of Jews from Israel. The word diaspora has evolved and developed its meaning through time, the modern meaning of diaspora is not only the involuntary or forceful dispersion but now the diaspora means migration.

Globalization in the purpose to create focuses such as social, political, economic, etc.

Diaspora has been there in the root of human nature from maybe the beginning of mankind. People frequently moved from one place to another for better sometimes for whether or maybe for a better life standard or sometimes they moved just because they were forced to move.

Some major and largest diasporas are as follows:

African diaspora,
Asian diaspora,
European diaspora,
Twentieth-century diaspora,
Twenty-first-century diaspora.

2.1. African diaspora:

The African diaspora consists of the worldwide collection of communities descended from African people mostly in the Americas. The African diaspora has happened in two forms: dispersal through slave trade and dispersal through voluntary migration

Much of the African diaspora was dispersed throughout the Americas, Europe and Asia during the Atlantic and Arab slave trades. Beginning in the 8th century Arabs have been taking African slaves from central and eastern portions of the continent and sold them to America and Europe.

The Atlantic slave trade ended in the 19th century and Arab slave ended in the 20th century which also ended the part of the African dispersion of through the slave trade. The voluntary African migration has been started an insignificant amount since the 20th century. But there was voluntary migration even before that from the beginning of the Spanish exploration and colonial activities in the Americas, the African have participated both as voluntary and involuntary labors.

2.2. Asian Diaspora:

The biggest and most populated two countries in the world China and India both are in Asia. The two very strong and significant diaspora from these two regions. The first Asian diaspora to be noted is the Jewish diaspora. Jewish diaspora has been happened due to frequent foreign invasion in Israel and throughout history, the Jewish people are known as to be migrated to other countries due to lack of security. Also, for the lack of a settled political environment. The constant attack on Jerusalem due to the bloody history of crusades the homeland of the Jewish population was always vulnerable, before the end of the second world war they were always in the move.

Chinese emigration has first occurred thousands of years ago. Due to wars and starvation in the mainland of China, a mass number of people has been migrated from the beginning of the 19th century. Before some stability can come in the Chinese politics from 1950 China people used to move to countries like America, Australia, South Africa, Southeast Asia, etc. they are considered to work where the manual hard labor is required.

Indian diaspora is the largest diaspora outside of Southeast Asia. Over 25 million people from India are there all over the world in every corner of the world. Mostly the Indian people live under the poverty line and have a very low life standard which motivates them to go overseas and explore opportunities in a foreign land. Indian diaspora actually has been begun from the British colonial era which has been begun since the 18th century. Countries like Bangladesh, Nepal, Pakistan, also have a very high ratio of diaspora.

2.3. European diaspora:

The European diaspora has happened in a various time frame. Most of the shift of power in Europe forced diaspora. In the past, the Greeks used to spear their colonies all over the region. They spread their language and culture through these colonies. The campaign of Alexander the greatest conquers to the whole world actually generated a lot of diasporas.

With the Greek ruling class established in Egypt, Southeast Asia and northwest India established a huge wave of migration. Subsequent waves of colonization and migration during the middle ages added to the older settlements or created new ones.

Historically the European migration period can be defined into three different phases. In these phases, the tribes from a different region of Europe moved into other parts of Europe. The first phase has been taken place when the Goths, some German tribes and some Slavic tribes relocated their position. The second phase has occurred when the Slavic and Turkic tribes have been moved and settled into Eastern Europe. The last phase has happened when the Vikings expansion in the Nordic area, Southern and Eastern Europe, Iceland, and Greenland.

After the Spaniard, Christopher Columbus has been discovered America started the most significant diaspora in European history. European has been started to colonize in America as America is full of natural resources and literally the land of opportunities.

Only in the 16th century, almost 300 thousand European have been moved to America, in the 19th century alone more than 50 million people migrated from Europe to America. Another sign of the European diaspora has happened at the beginning of the 19th century when the Irish population started to migrate to Britain. Almost 70% of Irish people nowadays are staying in Britain, America, and all over the world.

2.4. Diaspora in the last century:

The twentieth century has been observed a huge number of migrated people all over the world. In this huge movement, the two world wars played the most significant part. During the second world war, the whole pattern of diaspora has been changed. Sheffer 2004.

The Nazi German has been started triggering diaspora by killing and deporting millions of Jews. The Jew is forced to flee their country and moved to all over Europe. Some fled to western uncopied Europe, America, Canada, and Australia. Millions of Jews have been moved and later settled in Europe, America, Canada, and Australia. (Sheffer 2004)

After the world war was ended somewhat reverse thing happened as the Germans were deported from different countries like Poland, Hungary, and Yugoslavia. The number was nearly millions. Most of the people were living there for more than 200 years. They then move to some western parts of Europe and the USA.

When Israel has been founded it created a hate wave through the Middle East. Most Jews have had to flee from Arab countries. Most of them are settled in Israel now. In South Asia when the British colony has come to an end, India was divided into two different countries India and Pakistan in 1947. This separation was based on the religion as the Hindu majority population was declared as India and the Muslim majority was given Pakistan which forced a huge number of people to change their home.

In this partition time, millions of Hindus have had to move from Pakistan to India and Vice versa. After that 1971 a war broke out between the two parts of Pakistan knows as East Pakistan and West Pakistan. The war forced millions of people to take refuge in India. The war ended as a new country was born in Bangladesh.

During the times of the Vietnamese war, Vietnamese have immigrated to France, Australia, and some other countries. Some other major conflicts like Sri Lankan

domestic war with the Tamils, the Tibet war with China, the Soviet invasion in Afghanistan all these incidents caused huge immigration.

Another major reason for the diaspora in the 20th century is the economic revolution and globalization. The huge economic boost in the west attracted the people from the east who comparably has had a lower per capita income. Powerful economic nations like the USA, Canada, England, and Australia have had a lot of emigrants in their country.

2.5 Twenty-First Century Diaspora:

Twenty-first-century diaspora just begins but we all are already witnessing a lot of migration all over the world. As the whole world now in a very sophisticated situation and security now is the toughest thing to ensure. The conflict in the Middle East is a major issue in today's world. In the century the long going war in Afghanistan and Iraq., the domestic war in Syria and also a sequel of an event in countries like Libya, Lebanon, Cuba, Egypt, has been created a huge level of panic in people`s minds. Every day a lot of refugees is coming to Europe, America, and Australia. This Refugee problem maybe is the biggest problem the world is facing since world war 2.

The twenty-first century maybe will be known as the century of digitalization. People now are moving from one country to another because of better technology and the level of a foreign student in Europe and America is more than ever.

2.5. Diaspora today:

Diaspora can be an important issue of income and growth; advertising agents for promoting the country to the abroad. Home governments have been vigorously originating contact with their home country (Constant & Zimmermann, 2016). United Nations members have formed institutions to conjoin with their diasporas. According to some experts, the diaspora is defined as a negotiator to multilateral migration management (Gamlen et al., 2013).

Freinkman (2001) increases matters of diaspora participation in the country of origin. Diaspora helps to develop economic retrieval in the framework of transition economies (Gevorkyan, 2008). Analogous ideas are protracted and applied to the case of the American Diaspora in Gevorkyan and Gregorian (2003). Later Johnson and Sedaca (2004), have been scrutinized Diaspora to home country development processes in several global communities (Gevorkyan, 2008).

Taxonomy of home countries diaspora ministries is really interesting. It grants a compilation of home countries that have created ministries to contract with the diaspora. The presence of a separate ministry, completely devoted to communicating, controlling, leveraging, and preserving bonds with their diaspora (Constant & Zimmermann, 2016). How governments have merged their diaspora strategies into overseas policy equation is described here.

In 2005 the Russian foreign minister referred Russian overseas policy is interpreting the multi-sided provision to the Russian world. The Australian government assumes superior qualitative and quantitative investigation on Australian emigrants (Constant & Zimmermann, 2016). Ministry of Expatriates Welfare and Overseas Employment in Bangladesh which established in 2001 follow the welfare of diaspora employees, help them find employment. State Ministry on Diaspora Issues in Georgia always maintains interactions with the diaspora (Constant & Zimmermann, 2016).

In 1983 Greece recognized the GSGA (General Secretariat for Greeks Abroad) to design, organize, and implement state rule regarding the Diaspora of Hellenes. GSGA intentions to support the curiosity's and expectations of the diaspora as well as contraction diaspora to the homeland. According to Song (2014), South Korea has involved more than seven million ethnic Koreans abroad and twisted to diaspora into a force of continuing development (Constant & Zimmermann, 2016).

In Israel Minister of Diaspora Affairs within the Israeli Cabinet; Ministry of Foreign Affairs; Committee for Immigration, Absorption, and Diaspora Affairs promote relations with diaspora, safety device for the Israeli citizens abroad; also, MFA is involved in Jewish continuity. Ministry of Foreign Affairs and Cooperation in Diaspora General Directorate in Rwanda that reaffirmed in 2007 assemble the

diaspora for harmony. It also makes unity among the people; increase the security and develops a socio-economic culture in Rwanda (Constant & Zimmermann, 2016).

In Burundi to maximize diasporas contribution to countrywide development through the advancements of economic and human capital is the main motive. January 2016, they made the Ministry of Foreign Affairs and International Cooperation for these purposes. Other activities of these authorities are as the enlistment of skills, facilitating and concentrating financial transfers (Constant & Zimmermann, 2016). The Kenya Diaspora Policy (2014), talks about the expansion of a diaspora strategy as one of the Kenya Vision 2030. They figure out the Diaspora Diplomacy as one of the support of the country's foreign policy.

Under the secretariat of Peruvian societies living abroad, the Ministry of Foreign Affairs in Peru create a bond with the diaspora contribution to their return, safeguard their rights as employees abroad. In the Philippines OWWA (Overseas Workers Welfare Administration) defends the interest of Filipino workers abroad. It also normalizes temporary service and recruiting agencies; preserve and fortify bonds with Filipino communities (Constant & Zimmermann, 2016).

Russian Federation works through the Ministry of Foreign Affairs and Federal Agency for the Commonwealth of Independent States. It organizes federal and regional executive bodies to uphold state procedures about Russian abroad. They control the work of federal administrative bodies to implement key plans about Russians abroad. Maintain Russia's inspiration in the CIS and substitute friendly bonds for the progress of Russia's political and economic interests in a foreign country (Constant & Zimmermann, 2016).

The Filipino interventions are not so much about diaspora as they are aware of the anthropological precise. Filipino workforces abroad to declare their dignity and fair access to court due to a host of the report. Serbia establishes the Ministry of Foreign Affairs and the Ministry of Religion and Diaspora to return young experts. Since 2003 they try to prevent brain drain, rehabilitation and give the voting rights (Constant & Zimmermann, 2016).

In Turkey Ministry of Religious Affairs and the Ministry of Foreign Affairs emphasizes support to imams to provide to their diaspora (Ragazzi,2014). State Minister for Business Diplomacy in Ethiopia involves activating diaspora to help with image edifice of the country. In 1980 under the President's authority, Senegal has been attracted diaspora investments (Constant & Zimmermann, 2016). Korea's ingenuity is like a response to a demographic catastrophe.

The OKF (Overseas Koreans Foundation) encourages and cherishes Korean uniqueness among the diasporas (Constant & Zimmermann, 2016). It also improves economic and political collaboration between the country and the diaspora. A standardized country like Korea with strong egotism in its ethnic identity known as dual citizenship in 2010. In 2011 Korea decided voting rights to its nationals exist overseas in spite of criticism at home. Most of the cases diaspora have not contented certain municipal duties as military services and paying taxes (Constant & Zimmermann, 2016).

Korea is inimitable in its diaspora strategies. They are diverse depending on the host country of the diaspora. For example, plans about the Korean diaspora in the USA different from the policies in China. Another example is Turkey's commerce with the diaspora in Germany to grant votes for power. In this process, one country can accomplish its national policy outside. According to Delano and Gamlen (2014), indicates the case of provisional governmentality that explains home based exertions to generate diasporas (Constant & Zimmermann, 2016).

The potential of the Tajik diaspora as agents of economic expansion, the Tajik government has been taken arrangements since 2000. Host governments are also looking for leverage diaspora as a way to create better contracts with home countries. Spain and France have exasperated co-development guidelines with Africans nations (Constant & Zimmermann, 2016). To take care of diaspora matters the US Department of State molded the International Diaspora Engagement Alliance(IDEA). Morocco has been underway the Annual Summer Universities for Young Moroccans Living Abroad in 2009 to provide second and sophisticated generations (Constant & Zimmermann, 2016).

Romania has been established the Ministry of Foreign Affairs Department of Relations with Romanians Abroad in 2005. It synchronizes relations with Romanians overseas, partner with connotations abroad, support Romanian philosophy abroad. In 2004 Ministry of Malians Abroad and African Integration discourses the requirements of Malians abroad. They try to make them more conscious about their potential role in the progress of the state (Constant & Zimmermann, 2016)

Nigeria since 2014 takes decisions under the Ministry of African Integration and Nigerians Abroad Ministry of Foreign Affairs. In Haiti, they try to inspire the engrossments of the diaspora in advancing Haiti's developments. Both technical and specialized events help to encourage the diaspora to come back and capitalize in own country. Israel aims to reinforce Jewish distinctiveness also with communities with Israel by providing an unrestricted trip to Israel for young generations (Constant & Zimmermann, 2016).

2.6 Diaspora in host countries:

There is no exact dimension of diaspora size. The size of a diaspora in a host country can make it more authoritative. It also can be more operative in serving the homeland. Diaspora around the world from an explicit home country can unite toward a positive goal. The main purpose being dissimilarities in definitions and unfinished information coming from task forces that rely on those people who indexes with the embassy (Constant & Zimmermann, 2016).

Based on the American Community Survey 2012 MPI shows Germany on the top of the 10 major collections of overseas ethnic background. These people are not actually well-thought-out as the diaspora.

Diaspora is important for homeland. Diaspora can impact economic development and growth in the home countries in numerous ways. The first point can be noted as a force of economic growth. Under the force of economic growth there are also some several points:

1. Remittance and urban regeneration:

The power of remittances in refining the standard of living of the people is well known (Plaza, 2013; Plaza and Ratha, 2011). Remittance helps a family to full fill the basic needs like food, education, and also helps to stop child labor. Hometown Associations (HTAs) are shaped by migrants that are effective for mobilizing immigrants. HTAs have built parks, hospitals, orphanages, schools, public meeting places, maintained the public building, try to make clean water.

In Morocco, their capitalizing in urban-based real estate and business in their regions (IOM, 2015a). In Zimbabwe, the diaspora has formed the capital by building diaspora suburbs and environs (McGregor, 2014). A cooperation procedure to partner Dakar and Venice is underway as the local government in Dakar attaches with Senegalese Confederation for the promotion of small and medium enterprises (Constant & Zimmermann, 2016).

2. FDI, trade, and tourism:

Diaspora plays a dynamic role in the promotion of investment. As foreign investors, they have the compensations of processing local data about imperfections. Diaspora can simplify investment in the home country by others who are not conversant with the country (Plaza, 2013). For example, the Chinese diaspora has been contributed 70% to China FDI from 1985 to 2000 (Kuznetsov, 2006). Armenia and Israel are the major per capita beneficiaries of US foreign aid because their diasporas in the US can lobby effectively (Shain, 2002).

Diasporas have an ethnic advantage in commerce with the homeland (Gillespie et al., 1999). Javorcik et al. (2006) find that US FDI abroad is positively accompanying with the presence of immigrants in the US. Burchardi et al. (2016) show that it is ethnic ancestry and ethnic variety that cause local firms in immigrants' areas to upsurge US FDI to the countries of origin. Constant and Tien (2010) display that when the leader of the American country is educated abroad FDI to this country also upsurges.

3. Scientific diaspora, transferring knowledge, norms and social remittances

Fascinating social capital information and dispersing technology have a powerful impression in the home countries current and future generations. Miguelez (2014) has been examined that skilled and inverter diaspora influence the bear in nurturing cross country co-inventorship diaspora and international co patenting.

4. Diaspora as a peace builder or conflict maker

Diasporas are peacebuilder or conflict makers it's a great question. Roth (2015) argues that the diaspora can exert significant influence and even deteriorate or extend conflicts. On this discussion, Beyene (2015) shows that Kenyan, Ethiopian, and Nigerian diasporas have different connexions in conflict and also to peacemaking.

The Kenyan diaspora is well prearranged with over 20 Kenyan diaspora federated organizations. This organization is known as KDA (Kenya Diaspora Alliance). The main motive of KDA is to solve conflicts and try to generate peace among the people. The Kenyan diaspora has been taken an active part in the 2007 Kenyan election. The election makes a debate between the new composition and lobbied for the establishment of dual nationality. The Ethiopian diaspora's role is totally different from it.

That main motive is to deteriorate conflict at home by discordant with the government. In the Nigerian diaspora that is underwriting to peacebuilding. But most of the cases Nigerian diaspora remains less complicated and more politically neutral. Koinova (2011a) studies the influence of Albanian, American, and Chechen diasporas on secessionist conflicts. But these three displacements share a joint pattern: They share common mobilization. They have emerged only after the announcement of independence. Diasporas exert radicalization influences in two detailed occasions. It's about serious human rights violations. Local moderate leaders cannot be trusted that they can earn secession. Koinova (2011b) fins that these diasporas adopt moderate behaviors following the two-step procedure:

1. To express various oppositions, they normally use bridging.
2. Host country responds to them, they withstand various objections.

Why diasporas are different from migrants:

Not all migrants are diaspora. While migration is the action and the essential condition for the diaspora to exist as a result. (Constant & Zimmermann, 2016). A comparison of the Irish and German migrations serves as an exploratory example to elaborate on this idea. After migrated 80% of Irish to Britain, the USA, Canada, Argentina, Australia, and New Zealand they become known as Irish diaspora. 100 million people around the world privilege Irish ancestry and being a part of the Irish diaspora. (Constant & Zimmermann, 2016). On the other hand, American diaspora due to their low degree of cultural identification do not become diaspora properly.

Migration signifies the mobility of an individual or a family. It attaches both stocks and flows. Diaspora is not about an individual. Diaspora designates the stock of immigrants in several countries for many years. It includes subsequent generations of migrants.

Diaspora can explain the progenies of immigrants whose ethnic identity toward the ancestral homeland is dormant. Immigrants are always coming from the bounded country. Diaspora is not like the same. They can be even if a homeland terminates to exist.

Diasporas members do not always assimilate into their host countries culture. Immigrants always try to fully integrate into the host countries culture.

The most important difference between diaspora and migrants is associated with which country is using the term. Home countries always denote to diaspora when they talk about their migrants. They want to keep the construction alive always.

By using the word diaspora home countries maybe sly that they have a minority population in other countries. The words migration and immigrants prompt the average person of a host country. Immigration is typically related to economic outcomes and various kinds of impacts. Diasporas contain elements of political awareness and activity.

3. ECONOMIC PERSPECTIVE OF DIASPORA:

3.1. Capital markets and development:

The financial market competently mobilizes savings for investment. There is a general consensus that financial market development and economic growth influence each other. Global capital markets are collected from creditors, debtors, and intermediaries' savers. Creditors include both private and public investors.

3.2. Investment:

Diasporas psychological influences on their countries of derivation upsurge their likelihood of maintaining ties to and involvement in those countries associated with emigrants (Safran 1991). Conflict often people entities who keep business resources and aptitudes to migrate. Migrants often send cash transferences, called remittances from their new countries of reimbursement to friends and family in the country of origin (Nielsen & Riddle, 2010).

Most of the existing research regarding the economic stalemates between diasporas and countries of origin have focused on these remittance flows (e.g., Massey et al., 1994; Russell and Teitelbaum, 1992). While around the percentage of these remittances is capitalized in business-development associated activities, such a family-owned business, the unpackaged of remittances are spent on consumption (Orozco, 2004).

Lesser attention has been paid to diasporic speculation in countries of origin (Ramamurti, 2004). When the skirmishes subside in a country business shrewdness diaspora may choose to transfer capital back into their countries of origin in the form of business (Nielsen & Riddle, 2010). The positive economic impression of diaspora speculation for migration sending countries has been familiar with many development communities, including the United Nations (2006), the World Bank (2007), and the US Agency for International Development (2004).

Diaspora investment may help to coagulate the flimsy peace that categorized post-conflict economies by providing employment and better economic stability. A longitudinal lesson including members of the Palestinian diaspora in the United States steered by Gillespie et al. (2001) in the 1990s - a decade during this period. (Nielsen & Riddle, 2010). Diaspora investment commotion also can generate a stabilization-signaling consequence to non-diaspora investor's and MNCs, thus helping indorse future investment flows (Feil, 2007).

Diaspora savings may deliver economic expansion benefits to post-conflict countries beyond the immediate influx of capital. Migrants who undertaking abroad often increase knowledge and assistance that are missing in the country of origin. (Nielsen & Riddle, 2010). When they reappearance to capitalize or start a new business, they remit this assimilated human capital back to the origin country (Saxenian, 1999; Stark, 2004).

Diaspora depositors can also assist as a transnational acquaintance from entities in the country of origin to the country of settlement (Saxenian, 2006). The attendance of diaspora depositors in the country of origin budget also may subsidize to the internationalization of domestic firms in the country of origin (Riddle, 2008). Diaspora depositors often segment market information about their country of residence. Including evidence about importation and operational principles, consumer demand, and competitive intelligence (Riddle, 2008; Riddle and Marano, 2008).

Domestic companies can operate connections. These connections with diaspora investors help to tap into their multinational networks to identify occupational leads, opportunities, and financing in marketplaces abroad (Nanda and Khanna, 2007). Diaspora stockholders also can assist as reputational mediators for domestic firms in foreign markets (Kapur, 2001).

The worldwide business literature has assumed that investment decisions are established on financial return expectations. As Van de Laar and de Neubourg (2006) point out that sentiments are principally absent in economic models. Possibly for this purpose, many philosophies fail to explain the actual decisions (Nielsen & Riddle,

2010). Recent exploration has recommended that some portfolio depositors are motivated to put their money in works (Michelson et al., 2004, p. 2).

Empirical inquiries of portfolio investment decision making have experimented that some individuals choose to invest in socially accountable funds (Beal et al., 2005; Zivin and Small, 2005). This model sheds light on the speculation decision making the procedure in a context where such investment is critical (Nielsen & Riddle, 2010). The investment motivational dynamics of a special type of investor whose knowledge of experience in and spiritual connection of the investment country is moderately different.

In the first proposal diaspora speculation interest in post-conflict economies is motivated by the probable for financial returns (Nielsen & Riddle, 2010). The first systematic work in discovering diaspora investment motivation is undertaken by Aharoni in 1966. He has been identified three additional decision-making factors, including desires to: assist in the building of the Israeli economy, preserve a personal safe haven, gain prominence in the Jewish community

Gillespie et al. (1999) have been prolonged the motivational set to incorporate three, broad investment motivation types including the prospects of financial returns on the investment, emotional returns on the investment and social status revenues on the investment (Nielsen & Riddle, 2010).

Some dislocations may be involved in investing their own countries of origin because they expect a monetary return. Others may be interested in the possible emotional satisfaction they might recover (Nielsen & Riddle, 2010). The probability to make money and recover the net worth of collections is a key driver of investment interest (Markowitz, 1959; Miller and Modigliani, 1961). The perception of rationality has been used in finance poetry to explain these financial concerns; shrewdness drives separate depositors to prefers more or less. The role of rationality in investment decision construction underpins much of the theory in contemporary finance (Beal et al., 2005).

Recent research specifies that detailed psychological influences may affect portfolio investors risk and reappearance expectations. Numerous studies have identified the character of local bias in the speculation decision-making process (Tesar and Werner, 1995). Expert money executives and individual depositors tend to disproportionately prefer local stocks (Coval and Moskowitz, 1999, 2001; Ivkovic and Weisbenner, 2005; Zhu, 2003). Additional research on discrete investors suggests that resident bias may be driven by simple understanding and better information (Ivkovic and Weisbenner, 2005; Zhu, 2003).

Migrants have been linking societies of origin with some dwelling throughout history. The concentration of contacts, superior frequency, and speed in today's globalized world are the main points (Foner, 1997). Diasporas often falsify and withstand multi-standard social kindreds that link together their societies of origin and settlements (Basch et al., 1994, p. 6). Sometimes they spend considerable time substantially present in their republic of origin (Levitt, 2001).

Attention is demarcated as the set of processes that empowering and controlling the selection of incoming perceptual information to limit the external incentives process (e.g., Driver, 2001; Pfeffer and Salancik, 1978; Posner, 1982; Simon, 1982). A personage's attention often is driven by representative information that fits earlier assumptions (Kahneman and Tversky, 1973, 1979). While the latent for financial yields is certainly a powerful asset motivator it does not adequately capture the full spectrum of possible revenues (Nielsen & Riddle, 2010).

Normally pecuniary results are seeking to drive the prospect to affect that is responsible for investments (Hofmann et al., 2008; Michelson et al., 2004). Emotional fundamentals may be involved in the investment decision making procedure. Gillespie et al. (1999) and Aharoni (1966) recommend that expressive feelings of unselfishness may play a protagonist when diaspora members contemplate investment in a country of origin (Nielsen & Riddle, 2010).

Altruism is a concept that can be revered in various ways. Altruism is an activity that is intended to benefit another individual and is motivated by individual egotism (Snyder and Lopez, 2007). Simon (1993, p. 160) has contended that ethnicity

flourishes on altruism. Pure altruism may not exist because every decision creates some kind of return for the decision (Nielsen & Riddle, 2010).

3.3. Skills and knowledge transfer:

There is a positive correlation between Diaspora and the increased in trading. Diaspora members are more effective for making networks and communication which makes the collaboration more easy, fruitful and cost-effective. On the other hand, it might be difficult to make this kind of communication from abroad and it is not cost effective. Diaspora populations would like to buy some products from their ancestor country because they are used to those products which create a new market in the host or adopted country. For example, there are a lot of restaurant business (Indian food, Mexican food, Italian food, Chinese food) which are creating new entrepreneurs (Manning, 2010)

3.5 Human capital:

Diaspora plays an important role in human resources. The members may be workers who contribute to the economy. There is also the competitiveness of the country where they live and who may also engage in the development process in their country of origin (Brinkeroff, 2011). There are two types of workers low skills and high skills. Both low and high skill workers have an important role within the socio-economic growth of the country. When they return even for a short time or temporarily to their country of origin, they mainly returned with gaining experience.

3.6 Social capital:

The diaspora community maintains a social network. This is a set of resources embedded in the actual or potential social network. There are no limitations for the social networks are not identified t links with the country of origin. Even often it can extend to the global scale though members of the same diaspora who are living in different countries. A social network consists of relationships with families, friends, colleagues, and associations. Nowadays, the internet and other social media are very

much strong. These social media play a vital role in sustaining and extending this network.

3.7 Cultural capital:

We know that our resources are limited. The economic capital of diaspora also related to the main viewpoint of economics which maximizes the utility by using scarce resources. This view lies in the opportunities that can bring in terms of big investment. It means that it will increase investment. The remittance, as private funds are an important feature of diasporas economic contribution. This contribution is not limited to the transfer of financial capital. Trade between both countries (origin and destination) can be shown by a diaspora perspective. Diaspora members who invest in their ancestor country by setting up a small or medium-size business or make direct foreign investment play a crucial role in poverty reduction and changing the economic diversification.

Various ideas are included here. Globalization of ideas, knowledge or some other extent, social model are included in the cultural capital of diaspora. They try to establish themselves in a country, with a rich cultural background, that represents the visible features of their identity.

3.8 Securitization of remittance flows and transitional loans:

Securitization of remittance is another mechanism through which diasporas can contribute. In this system, the assets held by domestic banks in their countries of origin are through the securitization of remittance flows. Future flow securitization is a recent financial innovation that allows creditworthy borrowers. The term future flow securitization refers specifically to expected or future assets to secure debt.

Securitization is the process of taking an illiquid asset or group of assets, then converting it into stocks, bonds and rights to ownership that can be assigned value and risk also can ultimately play an important role here. Issuers of debt securitized by future flows can include public and private both entities. Banks that have some sort of periodic receivables also proven record of stability. There are various types of

flows in future flow securitization, such as a residential mortgage, loans, credit card vouchers, telecommunications receipts, national resource revenues, tax lines, mutual fund fees, worker's remittance (Terrazas, 2010).

The biggest benefits of future flow securitization are likely to occur when a debt Mexico takes the benefits from the future flow benefits.

There are various types of loans provided by the bank. Among them, one is transnational loans. They are mainly small loans. Sometimes these loans are provided by microfinance lenders that allow immigrants to apply for and service a loan. Normally immigrants apply for this loan in their countries of origin while residing abroad financial intermediaries have experimented with various types of loans such as transnational loans for business expansion, home improvement, home purchase, and education expenses, mortgage lending, has been the most successful. Providing credit to the family members back home while leveraging their credit history, migrants seem transitional loans. Normally migrants are not able to use assets accumulated in their country of residence. Bankruptcy loans and enforcement across countries are two common issues in their issues (Terrazas, 2010).

3.9 Deposit account:

Diaspora contributes to capital market development. The most basic way is through the maintenance of deposit accounts. Normally deposit accounts increase domestic bank assets. It allows banks and other financial institutions to extend lending and other investment. Every country has its own diaspora system. Diasporas maintain deposit accounts for their origin. They have ongoing financial obligations in these countries which are known as current liabilities (Terrazas, 2010). Another type of liabilities is contingent liabilities. It is expected to have them in the future. Current liabilities could include remittance obligations or property maintenance while another type of liabilities could include future retirement plans. For example, we can say the German Socio-Economic panel estimate about 48% of immigrant households in Germany hold savings in their country.

3.10 Hold savings in their country:

Diasporas receive some favorable terms and interest rates for maintaining various kinds of deposits. It cannot play a vital role in capital market investments, but deposit accounts expand bank capitalization and are often a prerequisite to direct participation in a country of origin capital markets. We can discuss the types of capital market as follows:

Expanding Bank Capitalization

There are some reserve requirements for deposit-taking institutions, these are the deposit which a bank must hold per increment of lending. Not only deposits here include some assets also. According to a complex formula outlined in the bank for international settlement Basel II accords, reserve requirements for deposit-taking institutions are set. The limited pool of bank deposits, CGAP estimates that developing countries bank hold 0.52 deposits per adult compared to 1.77 deposits per adult in developed countries through lending is limited (Terrazas, 2010).

Facilitating direct participation in the capital market

One of the most regulatory requirements is the cost associated with direct marketing investment vehicles to foreign nationals. Diaspora is included here. Normally it allows the borrowing entity to avoid registering the investment vehicle with securities and other exchange authorities in the various destination countries which can be a complicated and costly process. There is a critical distinction between accounts denominated in foreign versus local currency. In the normal case sometimes, the bank takes foreign exchange risk whereas, but after some while, the account holder assumes the risk. Another common liability is a macro-economic liability. Foreign Currency Deposit (FCD) accounts have typically discussed in the context of macroeconomic liability. Domestic savers use the macroeconomic liabilities to maintain the real value of their savings. Diaspora may also use FCD accounts to hold assets in their country of origin, but they are not so much interested to assume currency risk (Terrazas, 2010).

The other difference between current and fixed term deposit accounts. Normally we can add the definition here. Current deposit accounts allow the holder to take away

funds at any time, but sometimes there is a minimum balance. It means that from this type of accounts anyone can withdraw their funds any suitable time. There are no time restrictions, but a fixed amount must be taken in the account. Fixed term deposit accounts have more strict limitations on when the principal can be taken away from the account, but in exchange, the holder must receive a higher interest rate. These are less volatile. Current deposits are stable than it. Fixed term deposits have fluctuated then current deposits (Terrazas, 2010).

In most of the current years several developing and emerging economies, many countries realized that the liberalized banking regulations and aimed to attract diaspora savers to FCD accounts. These types of accounts can be denominated in euros, US dollars, British pounds or Swiss francs.

Some countries have managed to convince diasporas to hold their savings in domestic currency denominated accounts. It's difficult to distinguish domestic currency denominated deposit accounts. In this case, we can explain the Indian diaspora's system. India provides non-resident Indian option of holding their savings in foreign currency or in rupee generally to foreigners.

3.11 Diaspora bonds:

Economic contracts overtly combine moral and monetary interests. Socially responsible investment, endeavor patronage, and moral consumerism are a few examples of this important type of exchange. (Lainer-Vos, 2013) Gift giving and market argument does not belong to entirely diverse scopes is now a communal idea among pecuniary sociologists (Bird-David and Darr 2009; Darr 2003; Davis 1996; and more generally, Granovetter 1985).

Applied hitches ascend for participants in moral transactions. If aptitude giving and market conversation exist along with a variety, it is likely to consequence in conflict (Lainer-Vos, 2013). According to Pierre Bourdieu (1977, 2000) and Michel Callon (1998) offers a useful preliminary point for thinking about transactions. Bourdieu contends that gift giving is neither a completely disinterested nor entirely concerned (Lainer-Vos, 2013).

The sense of fair-mindedness that constitutes gift giving is mass-produced by the active prevention of exchanging objects. According to Mauss (1967), social stalemates related to gift giving are a by-product of the normative organization. Callon enlarges this awareness by suggesting in contrast with gift giving, the market argument is constituted through the introduction of devices (Lainer-Vos, 2013).

Diaspora possessions for the expansion and benefit of the historically native lands. A key feature of the diaspora targeted sovereign pecuniary instrument is the state's exclusive prospect to raise low-cost capital (V. Gevorkyan, 2008). The notion of diaspora dates back centuries in history. According to (e.g., Brubaker 2005) today the tenure has been identified in three general versions. They are the Greeks, the Jewish, and the American diaspora. The same individuals also hold solid bonds with their native lands, home countries, and often participate in various cultural, political business and other such activities (V. Gevorkyan, 2008).

Diaspora as a cluster of people detached exterior its traditional homeland. Diaspora is an ancient and fashionable concept. The enormous movements in the early twentieth century have been formed tightly knit groups of Irish and Italians in the United States (V. Gevorkyan, 2008).

The disaffecting effect of marketplaces (Polanyi 1957; Simmel 1990; Weber 1978; 637), is a by-product of the association of the marketplaces. According to Lainer Vos, there is an agreement and disagreement in economic transactions. There are two-sided perspective's, perspective of the receiver and perspective of the giver. As from the receiver perspective they receive an object as a gift (Lainer-Vos, 2013). They buy an object as a commodity. On the other hand, from the givers perspective, they give an object as a gift. They sell an object as a commodity (Lainer-Vos, 2013).

Credit transactions are also predominantly liable to produce productive uncertainty regarding their nature. In the period between the postponement of a loan and the date or renovation, each side to the conversation can tell herself a story about what the exchange has been all about (Lainer-Vos, 2013). The reverse possibility is not unbelievable either. Prominently during the loan period, neither side may be the predominantly well-equipped temporal edifice of credit (Lainer-Vos, 2013).

To engender a zone of indeterminacy wherein both financier and pledger can attribute to the loan the senses that are more relaxed with or without having to struggle. These procedures and some of their consequences are very much apparent in the issuance of diaspora bonds (Lainer-Vos, 2013). In the Irish fundraising process, they have Local Victory Fund committees and other Irish organizations. The second step is friends of Irish Freedom, with the last stage Irish American needs (Lainer-Vos, 2013). In Jewish fundraising, they have the organization named Local Jewish Federations. The third party is United Jewish Appeal that helps to the Israeli government, needs in Europe and the Middle East, Jewish American needs (Lainer-Vos, 2013).

For transactions economies presence of recognized Diaspora networks and the ability to exploit on that is often equivalent to potential reserves in economics. Some countries (e.g. Poland, Bulgaria, and Armenia) have formed a government and combined government. Diaspora interventions tracking their population globally and forming relations with representatives of geographically widely banquet communities (V. Gevorkyan, 2008).

The Irish Republicans and Zionists activities teamed up with diasporic administrations in the united states. The main motive is to create large scale humanitarian fundraising apparatuses (Doorley 2005; Stock 1987). The Irish Victory Fund (IVF) and the United Jewish Appeal (UJA), funneled hefty sums of money from the United States to the struggle in Ireland and Israel (Lainer-Vos 2013).

According to Gevorkyan and Gevorkyan (2007), various propositions are made for ranging of diaspora; as humanitarian assistance, volunteer programs, cultural exchange, hometown associations, joint investment projects, infrastructure development funds, migration development bank, floating of diaspora bonds

The concluding propositions are one of the most interesting ones (V. Gevorkyan, 2008). Diaspora bond as one of many replacements in floating foreign exchange for development. Chander (2001) and more newly Ketkar and Ratha (2007) handle this issue directly. It refers to the successful application of diaspora bond programs in Israel and India (V. Gevorkyan, 2008).

Nowadays almost every evolution economy owns a diaspora beyond the countrywide borders. Consistent data on this diaspora stock are very problematic to collect. A combination of new and old diaspora figures is one of the first efforts to find an accurate number behind the phenomenon (V. Gevorkyan, 2008). A conventional tactic will be considered the lower number in a given range as a realistic diaspora potential. Data bids a starting theme to the discussion. For most countries talented labor energy emigration is high. Migration helps keep a diaspora afloat, also delivers a substantial disappointment to transition economies in terms of lacking the human capital (V. Gevorkyan, 2008)

According to World Bank (2008) literacy rate in the FSU is around 100% and high proportions of college graduates. On the other hand, primary education leftovers obligatory in all countries. At present, the strategy interplanetary is open and practical government actions will be required as the first step (V. Gevorkyan, 2008).

Issuing the Israeli bonds:

Faced with a terrible economic catastrophe and never culmination struggles over the UJA proceeds, in August 1950 the Israeli government decided to float Israeli bonds in the United States. The Israeli resourcefulness placed the Jewish federations in a complex position (Lainer-Vos, 2013). Competition from an Israeli bond project for the liberality of donors, they now have been afraid of. The federation leaders also interrogated the veracity of the bond plan. The suitable way for American Jews to support Israel (Lainer-Vos, 2013).

The Israeli government has been definite to issue its bond, the United States already identifies Israel as an independent country. Commercial banks have been rejected to underwrite the Israeli bonds (Lainer-Vos, 2013). The Israeli government launches a new association, the American Financial and Development Corporation for Israel (AFDC) to vend and issue the bonds unswervingly to subscribers. The Israeli leadership measured l (V. Gevorkyan, 2008).

4. ANALYSIS OF DIASPORA IN DIFFERENT VIEW:

Diasporas are helpful for host countries and home countries:

In the homogenous society's diasporas are sometimes play a different role between host and home countries. For example with a state of religion such as Saudi Arabia or Iran and national characteristics are overlapping. In the western world where host countries have been prejudiced in some degree or another by their immigrate and globalization. In that place, it's difficult to find a standardized society (Constant & Zimmermann, 2016).

Countries such as the USA, the UK, France, and other appearance the questions of the how-to sanctuary they're proud. Another concern is like how to maintain sovereignty and national truthfulness and security.

Canada is an authoritative example of unification ethnic and national identities among its population. Canada is proud to be multiculti and encirclements its ethnic variety. One in five Canadians is born in various parts of the world. Tan (2013) states that Canadians have extraordinary depths of connection with every corner of the world (Constant & Zimmermann, 2016).

Diaspora may turn in contradiction of a specific government or regime in the home countries. They may have the best intention that they can help their compatriots.

Another case is like the case of reverse diaspora. When the diasporas manage to come back home basically, they return to space. They sometimes may face clutter of cultures. Also, they can come to a shocking realization that they do not belong home. After facing this situation, they try to find new identities and also try to fit in. They may revert to the identity of the country they just left rotating as an opposite diaspora (Constant & Zimmermann, 2016).

The process of rearrangement, communications with new socio-political realities and how they are perceived by natives is not easy.

Diasporas can be explained by assuming some models. In this discussion there should be wage level, skilled labor, unskilled labor, migration flows depend on distance, human capital, etc.

The archetypal of migration with a solitary type in order to model the effects of diasporas. A worker capable with h units of human capital earns a wage w_i in a country i where w_i is the skill price in that country. As in Rosenzweig (2008), this structure replicates the following assumptions. The core source of discrepancy in wages within a country is the differences in the human capital levels (h) of the residents. The foundation of variation in wages transversely countries is the differences in average skill levels and skill prices (w_i).

The individual utility is linear in income. But it depends on conceivable moving expenses and characteristics of the country. The utility of a type- h specific born in the country i and staying in the country i is given by:

$$U_{ii}(h) = w_i h + A_i + \text{deficiency}$$

where $U_{ii}(h)$ = utility function,

A_i = amenities, public expenditures, climates,

C_{ij} = captures moving and integration costs, and

V_{ij} = strategy induced costs borne by the migrant.

For further explanation, A_i denotes the characteristics of amenities, public expenditures, climates, etc. The immigration cost separated into two categories. C_{ij} captures moving and integration costs that are tolerated by the migrant. These include some other variable as transportation costs, expenditure to learn the new language, find a job and obtain essential licenses to perform a profession. The other V_{ij} represents strategy induced costs borne by the migrant to overawe the legal hurdles set by the destination. They both depend on the current diaspora systems and human capital levels (Beine; Docquier; & Ozden, 2009).

The core motivation to distinguish between these two types of costs is to identify the role of government policy on migration flows and characteristics. The ratio of the

immigrants to different destinations or migrants to the same destination with dissimilar human capital levels may be articulated using the same variables. Migration costs C_{ij} , hinge on factors such as distance, destination, origin country social, cultural, verbal characteristics. Not only that also on human capital level (h), of the migrant and the size of the diaspora abroad M_{ij} . Distance has an undesirable effect on migration when its greater than zero. It has some assumptions: social networks lower information, assimilation, adaptation costs.

Diaspora has positive effects on migration and lowering of costs when c_M smaller than 0. The assumption human capital level detentions the facts that accomplished migrants are better informed than the unskilled (Beine; Docquier;& Ozden, 2009).

The legal costs are strong-minded by the terminus country's government policies and depend on various factors. The strategies can be precise to sending country or depend on individuals' characteristics of the migrants. Many terminus countries have specific agendas for family reconsolidation or for grant automatic citizenship based on colonial links (Beine; Docquier;& Ozden, 2009).

Diasporas affect the endorsement costs mainly through family reconsolidation programs. If f_i denotes the kindness of the family amalgamation program of country j which generally does not discriminate between dissimilar origin countries. The migrant's human capital also affects the visa costs. Human capital on visa costs depends on the generosity of the economic migration program (Beine; Docquier;& Ozden, 2009).

Self-selection

Self-selection includes some assumptions. Analyze major physiognomies of diaspora. How the present diaspora influences the size of migrant flows? Diasporas alignment in terms of human capital. Diasporas concentration across various destinations. To analyze how changes in human capital level inspiration the migration verdict of the individual. Description of the overall effect of migration level.

The level of migration intensifications with human capital levels and positive selection is observed (Beine; Docquier; & Ozden, 2009).

Positive assortments are even tougher when network effects on moving costs are large. When the host countries have a selective immigration policy it's like the same. Positive selective immigration policy does not imply that there are more accomplished emigrants than amateurish emigrants.

Diaspora Externalities

Diaspora externalities affect the size and structure of migration flows. A large diaspora in destination explicitly increases recent migration. The overall belongings depend on the effect of systems on migration costs. Also, it depends on the generosity of family get-together programs together. Larger diaspora decreases the positive selection of migrants (Beine; Docquier; & Ozden, 2009).

Immigration policy

Immigration policy includes a question. It focuses on the consequences of immigration policies. More generous immigration policies both in terms of family reconsolidation and financial immigration programs. Destination increases the size of immigration flows. Immigration strategy also marks the assortment of immigrants (Beine; Docquier; & Ozden, 2009).

The effect of tougher economic migration programs on the selection of immigrants is equivocal. There are some predictions of diasporas effect in the absence of detailed data on bilateral immigration policies:

The effect of diasporas on the relocation flows is unmistakably positive. This impression is composed of a decrease in migration costs. It also reduces the visa costs through a soldier family reconsolidation effect. Both effects harvest a totally positive impact (Beine; Docquier; & Ozden, 2009).

The effect of diasporas on the collection of migrants and the ability ratio is negative. A larger diaspora drops migration and visa costs for all skill levels. The intensity of lessening is stronger for low capable migrants sometimes (Beine; Docquier; & Ozden, 2009).

The impact of diasporas on the concentration level may be in line. It can be stylized with the effect in terms of selection. If diasporas tend to benefit a negative selection process it can increase the whole concentration. The absorption of low skill migrants should be compared to the concentration of high skill migrants (Beine; Docquier; & Ozden, 2009)

Empirical analysis

In the empirical analysis, part includes the determinants of the important characteristics of international migration flows. They are as size, their instructive composition, their qualified concentration by education level. There are two important issues here. The first significant issue is the high proportion of explanations with zero or undefined values. The second one is the association between the diaspora and migration flows. One of the most important issues is the robustness of the main results of alternative estimation techniques (Beine; Docquier; & Ozden, 2009).

Size

To estimate the size the determinants of migration flows and the role of the diaspora size is important. The dependent variable is considered as the log of the migration flow between any year gap for example 1990 and 2000 from country *i* to country *j* of individuals. By taking the transformation of the migration stocks should be observed in 1990 and 2000 (Beine; Docquier; & Ozden, 2009).

The main determinants of migration flow in this equation are as conclude with some point. Wage differential which is specific to each skill. Migration of cost of various country. The factors that influence visa costs. Some issues including legal barriers.

It's important to measure the explanatory variables that proxy other determinants. For skill prices in destination, countries depend on data wages. For constructing the measurement wage differential is calculated. One way of resolving the problem is to include origin country dummies. These dummies capture the combined effect of all unnoticed physiognomies of the origin country. This origin country dummies also detention the role of stock of residents with education level. All migration costs specific to the origin country in this equation.

The substitution of selective immigration policies is measured by the share of refugees in immigrants admitted in 1990. Diaspora effects by size which is denoted by M_{ij} estimate the combined value. There are two impacts here, as network effects lower migration costs. Family reunification lowers the visa costs (Beine; Docquier;& Ozden, 2009).

The change in the migrant stock is observed in bilateral variables. Between 1990 to 2000 there are several changes in education level h , wage level w . from country i to j education level h , M_{ij} the size of the dispersion 1990, $d_{i,j}$ is a vector of other variables. As far w_j is the level of wages of destination and there is a set of other specific variables that affect the appeal of a country.

Some variables as immigration policy may be measured in an inaccurate way. The empirical dimension of immigration policies is a well-known challenge in the literature. The impact of the size of diaspora and the estimation of dummies of destination country capture the mutual effect of unobservable characteristics (Beine; Docquier;& Ozden, 2009).

The introduction of destination country dummies tends to some improvements. Improvement of specification and minimization the case of misspecification bias. It helps to go to the next section to show the insertion of destination fixed effects.

Selection

The selection ratio is the next step after size. It includes the number of skilled over unskilled migrants, the proxy for educational or human capital structure. The

selection ratio is the ratio of skilled and unskilled labors. Grogger and Hanson (2008) and Docquier, Lowell, and Marfouk (2007) define skilled and unskilled migrants. As migrants with post-secondary are known as skilled migrants. Migrants with primary education level known as unskilled migrants.

Education may be operated in terms of the ratio of different skill levels to the same destination as a result of the error term. The influence of diaspora on change in the selection ratio which is approximately equal to the selection ratio new immigrants. The two estimated specifications are obtained by substituting the change between 1990 and 2000.

Relative concentration

The relative concentration of diaspora across the education level is introduced here. The task is whether movement tent to more attentiveness of unskilled rather skilled migrants. A nice belonging of bilateral measure is that sum across terminus countries j boils down to the difference between Herfindahl indices (Beine; Docquier;& Ozden, 2009)

Here regression model is measured with and without destination dummies. There is a level that depends on the change between 1990 and 2000. The specification is obtained by substituting the change of relative concentration between 1990 and 2000.

Econometric issue

In the econometric model there are two major points:

1. The first one is related to the occurrence of zero. It can be also as undefined values for the dependent variables in a great portion of the observations.
2. The second one is the potential correlation of the log of diaspora size with elasticity due to the presence of an unobservable component. It affects the size of diasporas and the physiognomies of new migrants (Beine; Docquier;& Ozden, 2009).

Zero or undefined values for dependent variables

One of the most important features is the high proportion of zero annotations either for the size of diasporas in 2000 or for the flows of immigrants. It can also happen for the flows of migrants between 1990 and 2000. (Beine; Docquier; & Ozden, 2009). It is a natural reason for various migration as none or minimal migration for many country pairs. By observing the data sets there are almost two periods. Zero values in about 31% of the observations for the stock of migrants. Around 36% of the observations for the flows. This model is fully steady of a large number of zero observations. There is also an approximation of the discrete number. This case may be raised for several reasons: low wage differentials, large distances from one place to another, high migration costs, high visa costs for destination countries (Beine; Docquier; & Ozden, 2009)

All kinds of cost depending on the size of the existing diaspora. A large number of observations are frequently in empirical studies in international economics. The OLS estimator depends on the size of migration flows, the high occurrence of zero values. Another thing is the use of log specification. The log specification drips the zero observations from the sample. As a result, a biased estimate of the impact of diasporas and the other variables on the migration flows creates. In this case, there are no migrants from country i to j because detachment is too high and there is no diaspora (V. Gevorkyan, 2008)

There are some alternatives to these issues. The first replacements to use Poisson regression models that can be relied on maximum probability estimates. Santos Silva and Tenreyro (2006) demonstration that the use of log-linearization for gravity models leads to unpredictable estimates of the coefficients.

There are several reasons are responsible for all of that. The first reason is the exclusion of zero of explanations for the dependent variable. The second reason is the expected values of the error terms will be contingent on the covariates of the model. Position regressions of the models clarify the size of the migration flows. The position solution is unfeasible for the selection and the concentration analysis. The existence of the values for $M_{i,j}(h)$ leads to undefined values for S_{ij} .

The estimation leaves out the set of observations for two reasons:

1. The main motive is the selection ratio is approximate due to the fact that $M_{ij}(u) = 0$. The size of the unskilled diaspora is zero. Pooling the data set diagonally the time periods. There are no unskilled diaspora primes to the omission of 35.7% of the observation.
2. Another inconsequential reason is that the use of log of the skill ratio leaves out observations for which is observed $M_{ij}(s) = M_{ij}(u)$ which is greater than zero.

The second different involves techniques accounting for a potential selection. This section is biased by two-step Heckman regression. All the features that are used for analyzing migration flows, selection concentration, and relative concentration, have had steps. The first step includes the estimation of a select group. The probability for a given country duo to have a positive equation of migration flow (Beine; Docquier; & Ozden, 2009).

There must be a bilateral variable. It influences the probability of observing a diaspora. The normal technique implies to use the instrument in a probit equation. It's not easy to find this type of instrument. Diplomatic representation of the destination country in the origin country is one conceivable candidate.

Diplomatic illustration may be affecting the probability of having at least on migrant by setting some kind of threshold. Normally initial migration and visa costs are confronted by potential migrants.

The role of diplomatic representation in the migration procedure is to a certain extent analogous to the role play the mutual religion for a trade relationship. Helpman et al. (2007) have contended that the effects of the extensive margin of trade.

For the analysis of migration stock, the possibility that given observation will be included in the regression directly.

5. DISCUSSION AND CONCLUSION:

Diaspora economies are more than a novel word for migration economies. It opens a whole new component to the political economy. Diaspora is apparent to be a well-defined group of migrants. Migrants offspring with a combined cultural identity and ongoing documentation with the country or culture of origin.

Migration is as old as time while it is a requirement for the diaspora, not all migrants turn to the diaspora. The major difference between diaspora and migrants is the difference between migration economics and diaspora economics. Countries enthusiastic to please and court diaspora often change their laws to lodge them such as offering dual citizenship.

There are some controversies and misunderstandings are happened in explaining the diaspora. The great divide in diaspora policy is between those strategy makers who think of diasporas as assets. Some governments or departments within governments and even some development agencies continue to esteem the diaspora as a population that is misplaced to the country of origin (Newland & Plaza, 2013).

Relatively few governments devote to really understanding their diasporas. They also maintain meaningful communication with them. Sometimes they find areas of mutual attention for practical collaboration. Some countries simply look to their diasporas to deliver funds or donate their proficiency.

Another misunderstanding is like policymakers assume that diaspora rendezvous is not vulnerable to policy intervention. It is true in some cases that the dense web of ties between diasporas and countries of origin is the formation of individuals. Policy interventions that directly concern about diaspora resources are more productive. The government can do little or nothing to indorse diaspora involvement in development.

Evidence of strong correlations between the presence of a diaspora exists in a country. Diaspora and trade ties to a country that diasporas origin have gradually accumulated. Diaspora populations consume the goods of their countries of origin and familiarise such products to their country of settlement. For example, diasporas

purchase traditional goods from El Salvador account for as much as 10 percent of the republic's total exports.

Diaspora plays an important role when it comes to investment. Both types of investing help directly in their countries of origin and encouragement none diaspora investors to do the same. FDI is the only inward flow of foreign exchange to developing countries. The role of the diaspora is particularly important to economies that have yet to increase the self-assurance of foreign investors.

Exposure to diaspora members often enhances the reputation of the country of origin and gives stockholders greater sureness in the quality of its labor force. Migrants and diaspora members often have substantial savings; in the aggregate sense. The world bank calculates that diasporas instigating in developing countries savings.

Actions that governments and other investors can take to establish systematic cooperation with diasporas include.

Developing sound procedures for mapping the diaspora. Try to prepare diaspora portfolios for understanding socioeconomic and demographic characteristics.

Applying policies to facilitate diaspora involvement. Various issues are included to make policies. As easier excess to legal status in the host country, dual citizenship, lower visa costs for accompanying family members. To reduce bureaucratic procedures and administrative hurdles for cross border transactions is also important.

Organizing the work of different departments within embassies and government ministries to increase efficiency in building a relationship with diasporas and their networks. Appealing key stakeholders such as chambers of commerce, investment, promotion agencies, trade associations, business councils, universities, banks, and private firms.

Financial instruments that are designed for attracting diasporas also play a vital role. To build the capacities of existing services and institutions dealing with migration and diaspora process.

The impact of diaspora rendezvous is difficult to assess. It is characteristically difficult to disentangle causation from correlation. Governments can do more to remove obstacles and create opportunities for diaspora members.

There is another point like diaspora policies work best when diasporas are engaged as full partners. It can be said that diaspora engagement is a two-way street.

Cultivating and simplifying diaspora economic engagement stances several opportunities. The challenges that diaspora entrepreneurs face is determined by the country of origin.

Many diaspora ventures are operated in two countries. Transitional diaspora initiatives need to navigate in two countries of origin. There are several challenges that the diasporas face overtime:

The first one is the lack of information. Lack of information maybe analytical or advisory. In any kind of foreign investment situation, there always need proper information. Sometimes consumers are confused about the product. Because they don't have so many ideas about it. There is often talk about diaspora entrepreneurs having good social connections with the home country. It is important to identify that diaspora initiatives also need relationship brokers in order to be successful.

The second type of challenge is like a lack of credibility. It includes both information flows and transition facilities. Sometimes it is difficult to determine who to do business with. After going back to home country markets this question becomes more relevant. A lot of businesses tend to be predicted on relationships that may not always be economically profitable.

Another most important is the lack of risk investment providers. A lot of the capital in these countries is tied up in terms of funding government projects or big schemes. It is difficult for the diaspora to gain access to risk capital. Especially in the countries of origin without having enough local information. At that time local collaboration in order to get the risk capital on the ground. These are called institutional challenges.

Returnee diaspora entrepreneurs will only need to go one place to another to gain entire information about the market.

On the supervisory front, three main challenges exist with regard to the free flow of capital, superior voice, and controlling rights. The first one is the need for policy interferences to reduce the costs of remittance. The protective area needs to change in order to enable diversity in the funding of various mechanisms. Another will be changed to tax strategies so diasporas can import required suppliers and get relaxed.

The regulatory environment is favorable to the kind of matching programs. A major problem for investors is the lack of voice in how businesses permitting environments to develop in home countries. Equally important is speaking issues of dual citizenship or other types of citizenship status.

Appealing diaspora in the development process in a country of origin has shown big potential with remittances contributing substantially to GDP. Remittances remain primarily for consumption purposes, are not channeled into creative investments.

Critical elements of facilitating diaspora entrepreneurship are conducive policy, institutional and regulatory an environment that access with information about diaspora, information about a product, networks within different countries, business training across the world, funding that include fundraising both for host and home countries.

Diaspora is an important and critical issue. Diasporas are more stable than any other sources of foreign investment. Diaspora may have a greater appetite for long term investment in their countries of origin than other foreign investors. Diaspora has an effect on both countries' economies.

The country of origin has the greater part of the benefits compared to the adopted country. But the adopted countries are also benefited from Diaspora members on the greater sense. They are exploring new markets for their products and making new networks. It is a win-win situation for both countries. The new era of economics is the diaspora of companies that are adopting new cultures and moving to another part

of the world for making more profits. For example, a new plant in developing countries because of low labor cost, tax benefits, and the availability of human capital.

REFERENCE

- Brinkeroff, J. (2011). Diasporas and conflict societies: conflict entrepreneurs, competing interests or contributors to stability and development? *Conflict, securities and development* , Vol- 11 No- 2 pp. 155-143.
- Beine, M., Docquier, F., & Ozden, C. (2009). Diasporas. The World Bank.
- Constant, A. a. (2013). Immigrants, Ethnic Identities and the Nation-State. *International Handbook on the Economics of Migration* .
- Constant, A. F., & Zimmermann, K. F. (2016). Diaspora economics: New Perspectives. *International Journal of Manpower*, 37(7), 1110-1135.
- DIASPORAS AND DEVELOPMENT: BRIDGING BETWEEN. (2013). *International Dialogue on Migration 2013 – Diaspora*. International Organization for Migration.
- Gevorkyan, A. V. (2008). Fiscal policy and alternative sources of public capital in transition economies: the Diaspora bond. *Journal of International Business and Economy*, 9(2), 33-61.
- IOM . (2015 a). *World Migration Report, Migrants and Cities: New Partnerships to Manage Mobility*” . IOM Geneva, SW. .
- Kilduff, M., & Corley, K. G. (1999). The diaspora effect: The influence of exiles on their cultures of origin. *M@ n@ gement*, 2(1), 1.
- K. Newland and S. Plaza. (2013). What We Know About Diasporas and Economic Development. 5. Retrieved from <https://www.migrationpolicy.org/research/what-we-know-about-diasporas-and-economic-development>

- Lainer-Vos, D. (2013). The practical organization of moral transactions: Gift giving, market exchange, credit, and the making of diaspora bonds. *Sociological Theory*, 31(2), 145-167.
- Loddo, S. (2006). *The Economic Contribution of Diasporas to their Home countries: the Case of the Palestinian Diaspora*.
- Manning, P. (2010). *The African Diaspora: A History through Culture*. Columbia : Columbia University Press.
- Mohamoud, A., & Formson-Lorist, C. (2014). *Diaspora and Migrant Entrepreneurs as Social and Economic Investors in Homeland Development*. Migration and Development Civil Society Network (MADE).
- Nielsen, T. M., & Riddle, L. (2009). Investing in peace: The motivational dynamics of diaspora investment in post-conflict economies. *Journal of Business Ethics*, 89(4), 435-448.
- Newland, K., & Plaza, S. (2013). *What we know about diasporas and economic development*. Washington DC: Migration Policy Institute.
- Plaza, S. a. (2011). *Diaspora for Development in Africa*. . *The World Bank. Washington, DC*. .
- Dutia, S. G. (2012). Diaspora networks: a new impetus to drive entrepreneurship. *Innovations: Technology, Governance, Globalization*, 7(1), 65-72.
- Safran, W. (1991). "Diasporas in modern societies: myths of homeland and return", *Diaspora, Vol. 1 No. 1*, 83–99.
- Sarwal, A. (2016). *South Asian Diaspora Narratives: Roots and Routes*. Rawat Publications.
- Sheffer, G. (2004). Modern Diasporas in the Age of Globalization. *Wiley*, 261-263.

- Singh, A. D. (2012). Working with the diaspora for development policy perspectives from India.
- Taylor, J. R.-N. (2014). Mapping Diasporas in the European Union and the United States Comparative analysis and recommendations for engagement . . . *RAND Europe and IZA Report No 64*.
- Terrazas, A. (2010). *Diaspora Investment in Developing and Emerging Country Capital Markets: Patterns and Prospects*. Migration Policy Institute.
- Williamson, T. J. (1994). What Drove the Mass Migrations from Europe in the Late Nineteenth Century? *Population Council*, 533-559.
- Zakem, V. S. (November 2015). "Mobilizing Compatriots: Russia's Strategy, Tactics, and Influence in the Former Soviet Union". *CNA, occasional paper. Arlington, VA*.