

## A STUDY ON THE IMPACT OF BRAIN DRAIN IN INDIAN ECONOMY

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### Abstract:

*According to Oxford Advanced Learner's dictionary Brain Drain is "The Movement of highly skilled and qualified people to a country where they can work in better conditions and earn more money". Brain Drain can also be named as "human Capital flight" because it resembles the case of capital flight, in which mass migration of financial capital is involved. India Population is around 123 crores, that to India is labour intensive country, from India every year most of the people are migrating to other countries for better working conditions and for better salaries and benefits. They are the category of people Scientists, Engineers, Technocrat's, Professionalists, software engineers, Software Consultants, Students etc., India is becoming brain reservoir, for developed economies. Every year most of the people are leaving from developed countries to developing countries. Throughout the world nearly in 110 countries Indian brains are occupied well position. Due to these all things India and its strength is decreasing interns of Skills, Knowledge, efficiency, Technology, etc., This Paper main focusing on what are the causes of Brain Drain, what are the facilities and amenities and things that we have to provide to overcome brain drain in India economy. The Government of India estimated that there are nearly 30 million Indian Diaspora spread across the world.*

### KEYWORDS:

Brain Drain in India, human Capital Flight, Skill Migration.

### INTRODUCTION

According to Oxford Advanced Learner's dictionary Brain Drain is "The Movement of highly skilled and qualified people to a country where they can work in better conditions and earn more money. Brain Drain can also be named as human capital flight.

### REVIEW OF LITERATURE

### OBJECTIVES

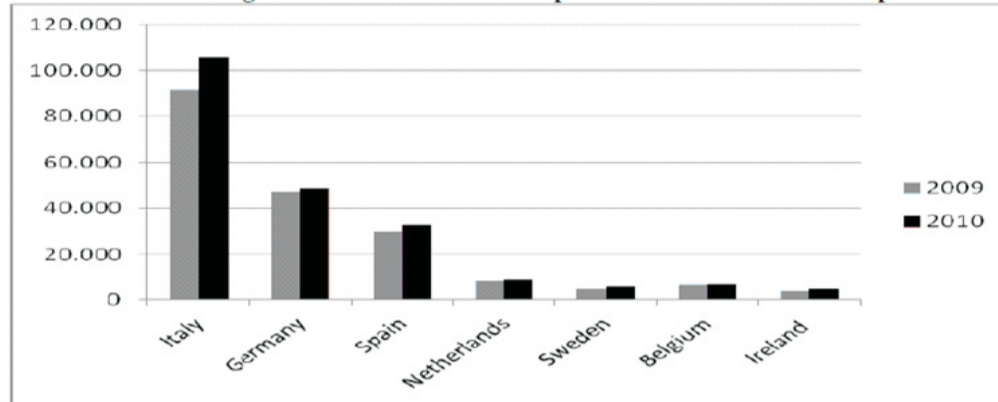
To Understand the Brain Drain Position in India.  
To analyze human capital flight in various areas.  
To analyze how it is impacting on economy.

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To suggest the best Measures discourage human flight to other countries.

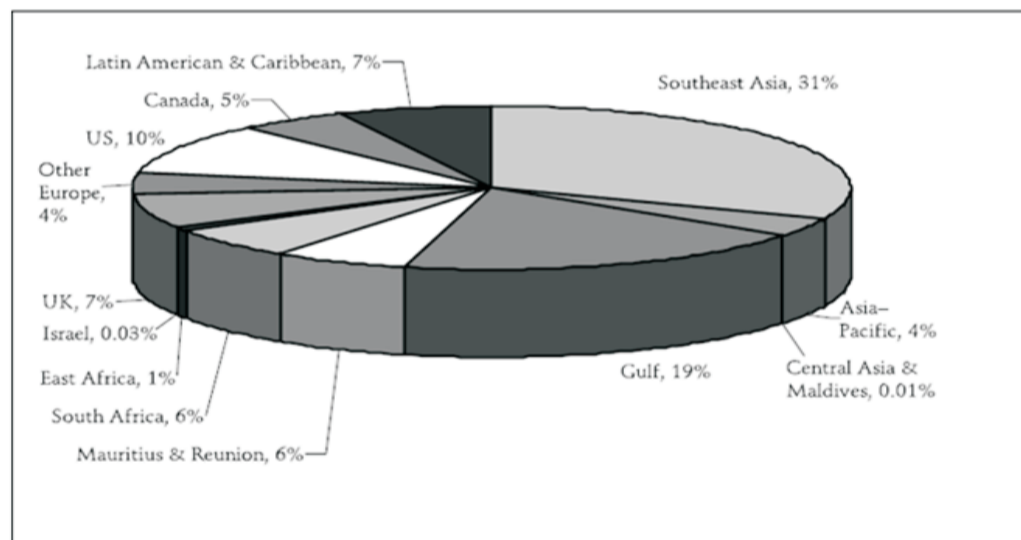
**ANALYSIS & DISCUSSION**

**Evolution of Indian migrant stock in the main European destinations in 2009 compared to 2010**



Source: Population Database-Euro stat, International migration

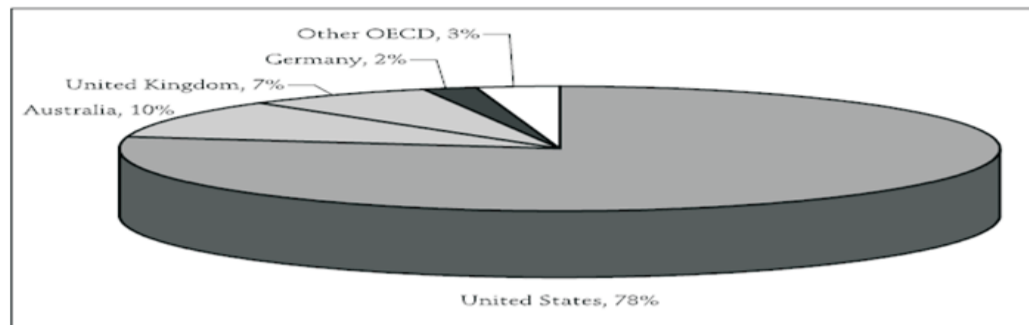
**GLOBAL OVERVIEW ON INDIAN MIGRATION  
Percentage Distribution of NRIs and PIOs by Region**



Source: ICWA, Report of the High Level Committee on the Indian Diaspora, New Delhi: Indian Council of World Affairs, 2001.

From the above graph it is clear that most of the Indians are migrating to other countries for the purpose of better benefits and working conditions. The above graph is explaining the same thing, most of the Indians are moving to abroad for the purpose of better jobs, education, and better employment opportunities, the reason can be anything which weakening the economy in terms of knowledge, technology, know-how, skill, manpower. The brain drain is becoming advantage to other countries, they are gaining technology advancement and human resource support in all areas. From the above graph is depicts that most of the people are moving to South Asia, 31%, and for Gulf, 19% and for US, 10% and for Latin America & Caribbean country 7%, Canada, 5% south Africa, 6% etc., The analysis explains about, the reason may be anything there is a migration of human beings from India to other countries.

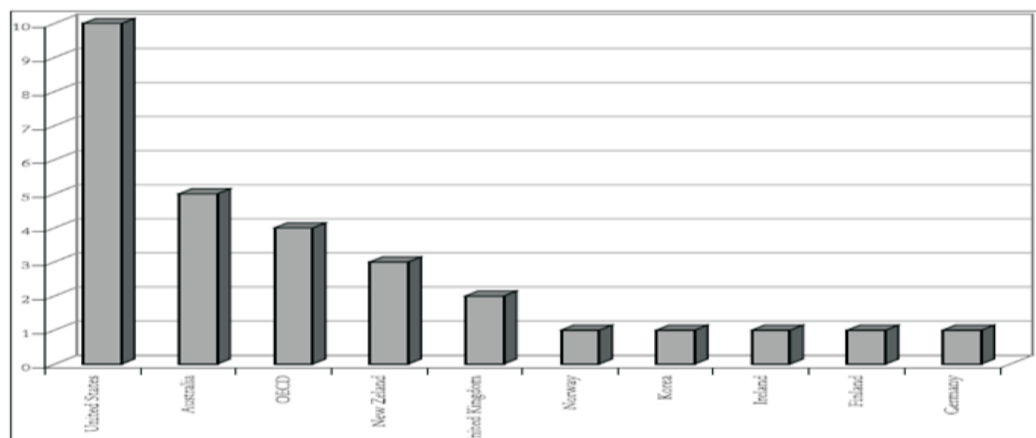
**Distribution of Indian tertiary students in receiving OECD countries, 2001**



Source: OECD Database.

From the above graph it depicts that movement of human capital not only in the ways of employment but also, by the ways of academic ways. Indian students are migrating to foreign countries for the sake of education, most of the students which is around 78% of the students are moving to US. The rest followed by Australia, 10% and United Kingdom, 7% and Germany, 2% and to Other OECD countries for nearly 3%. The Reasons might be anything the Indian students are moving abroad for education. This is also one kind of human capital flight to other nations.

**Indian Students among All Foreign Students in Receiving OECD Countries, 2001 (%)**



Note: Excluding data for Canada, Greece, Luxembourg, and Portugal.  
Source: OECD Education database.

#### Classification of Brain Drain

In General Brain Drain is Classified in to four types 1. Brain Over Flow, 2. Brain Expert 3. Brain Exchange 4. Brain Drain

##### 1. Brain Overflow:

Due to the over production or low rate of utilization of brain, some of the brains may remain wholly unabsorbed/ surplus because of effective demand/excess supply at home, such brain spill over and get absorbed in a foreign market. Brain migration of this type is called brain overflow. Baldwin (1970) mainly depends on this type of brain migration and it is also implicit in the analysis of Internationalist model. In many LDCs, unplanned and comparatively cheap education added up with unemployment problems has produced a lot of unemployed skilled labour. For instance, in January, 1965, there were 75,000 unemployed engineers in India. India every year produces many more economists and statisticians

than she could provide with job.

## **2. Brain Expert:**

Brain migration may take the form of brain export by the sending country. The brain exporting country receives in exchange for brain, remittances continuously over a number of years. The payment may be spread over a number of years in the form of remittance of tax, it may be a once-forever lump sum exit tax. A consolidated price for the export of the commodity brain power may also be realized from the importing country. But the computational method that can be applied to price fixation of brain has obvious limitation. Market price of brain power does not very often reflect its public cost. In the case of brain export, the exchange price must be equal to the public and private cost of brain. Since the outgoing human capital from, LDCs mostly received only the private cost, and not the social cost, such as an outflow cannot be considered to constitute brain export. However it cannot be denied that it is very difficult to calculate the social cost; and shadow price keeps on changing along with the time horizon. If the rate of return is sufficient to cover the domestic opportunity cost of the transferred brain, it may be looked upon as a case of brain export.

## **3. Brain Exchange**

Brain migration may be in form of exchange of scholars, researchers and students between LDCs and DCs/ between LDCs themselves for the purpose of mutual benefits in terms of knowledge, expertise and training. Such type of brain migration can more appropriately be called brain exchange. Brain exchange is temporary phenomenon where brain loss is compensated by corresponding brain gain.

## **4. Problems of Brain Drain in India:**

There are so many Problems regarding brain drain in India. There are certain categories of the people like Doctors, Lawyers, Scientists and Engineers and Professionals people and technocrats and other category of intellectuals are moving from India to other countries every year. Due to this reason there is a problem to India economy in terms of knowledge migration, skill migration, talent migration from India to other countries. There are many reasons for migrating from one country to other country they are there may be lack of support to expert people in terms of financial support and resources and support from government, these reasons are making Indian experts to leave India and render the services to other countries. The well developed economies and developing economies are utilizing the services of the Indian professionals and they are paying bugs to Indians. Indian government should understand this problem they should support to the Indians not to leave from India.

For writing this paper I have taken certain articles and their support for effective presentation. I would like to thank for authors who have supported through relevant articles.

## **CONCLUSION:**

India government should understand the problem of brain drain and its consequences towards economy. Government should support for all category of people not to leave from India, by supporting financially, technically, and professionally. Where there is an effective utilization of human knowledge is possible then there we can see the growth rate of economy in terms of all aspects.

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