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## CONTRIBUTION OF GCC-BASED NRIS TO INDIA'S CAPITAL INFLOWS: POST-FEMA EVIDENCE

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### ABSTRACT

The Foreign exchange management act (FEMA) 1999 was a great shift in the foreign exchange regulatory regime of India as it was a control regime but in a shift towards a facilitative regime that would facilitate external trade and capital mobility. This paper will focus on the role of Gulf Cooperation Council (GCC)-based Non-Resident Indians (NRIs) in capital inflows of India at the post-FEMA period (2000-2024) based on the sources of secondary data only, including the Reserve Bank of India (RBI), the Ministry of Finance, the World Bank, and the IMF. The research will offer a wide trend level evaluation of remittance flows, NRI deposits and their contribution to the stability of the external sector. The results show that GCC-based NRIs dominate as a stable and robust source of capital inflows especially in times of disruptions in the global economic state. The paper concludes by concluding that the liberalized regulatory framework of FEMA has boosted diaspora capital flow to a large extent as well as helped India to strengthen its Balance of Payments and foreign exchange reserves.

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**KEYWORDS:** FEMA 1999; GCC countries; NRI deposits; remittances; capital inflows; external sector stability

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## 1. INTRODUCTION

India always topped the list of the greatest receivers of remittances in the world, which indicates the size and economical involvement of the global diaspora. A significant percentage of such inflows can be traced to the countries of the Gulf Cooperation Council (GCC) such as the United Arab Emirates, Saudi Arabia, Qatar, Kuwait, Oman, and Bahrain where such countries employ millions of Indian expatriates to the local workforce, especially in the sectors of construction, energy, healthcare, and services. With the creation of the Foreign Exchange Management Act (FEMA), 1999, the regulatory framework of the cross-border financial flows changed dramatically. FEMA was put in place in lieu of the strict Foreign Exchange Regulation Act (FERA), where the new regime focused on management-oriented regime, which was to ease the external trade, enable the foreign exchange market to grow in an orderly manner and also boost investor confidence. Although there has been a lot of literature on remittance inflows in the development Finance, less focus has been given to research on the region-specific contribution of the GCC based NRIs in the post-FEMA regulatory context. This article fills this gap through a quantitative, macro-financial analysis of the scale, growth pattern, and external sector implication of capital inflows of GCC origin between 2000 and 2024. This research is a contribution to the growing literature on the market finance literature by establishing a connection between the diaspora capital flows and transformations of regulatory structures and external resilience by the sector in a liberalized foreign exchange system.

## 2. THEORETICAL FRAMEWORK

### 2.1. *Diaspora Capital as Development Finance*

Diaspora capital is a transgenic cross-border finance that is not similar to Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI). Remittances are not as prone to short-term financial shocks as volatile portfolio flows because, unlike them, they are frequently influenced by family and social requirements and, thus, are less prone to change.

### 2.2. *Counter-Cyclical Nature of Remittances*

According to the economic theory, remittances may have counter-cyclical characteristics where they rise when the economy is underperforming since expatriates contribute funds. This feature promotes macroeconomic stability of the emerging economies.

### 2.3. *Regulatory Liberalization and Capital Flow Institutionalization*

Capital flow theory focuses on the fact that regulatory transparency cuts the transaction costs

and uncertainty and formalizes the informal flows. The liberal character of the provisions of FEMA might have stimulated the diaspora funds to transfer via formal bank systems instead of informal systems.

## 3. INSTITUTIONAL EVOLUTION: FROM FERA TO FEMA

### 3.1. *Limitations of FERA*

FERA (1973) was based on an assumption of criminal responsibility of breach and placed stringent limitations on forex transactions. Its control-oriented philosophy did not match with the liberalizing economic reforms which were introduced in 1991.

### 3.2. *Objectives of FEMA*

FEMA was enacted with the objectives of:

- Facilitating external trade and payments
- Promoting orderly development of foreign exchange markets
- Simplifying regulatory procedures
- Reducing penal severity for procedural non-compliance

### 3.3. *FEMA Provisions Relevant to NRIs*

- Liberalized NRE and FCNR deposits
- Permission for repatriation of principal and interest
- Portfolio Investment Scheme reforms
- Real estate investment permissions
- Digital compliance facilitation

These reforms collectively enhanced diaspora participation in formal financial systems.

## 4. OBJECTIVES OF THE STUDY:

1. To analyse GCC-based NRI capital inflows trend and composition to India in the post Foreign Exchange management act (1999) era using secondary macroeconomic data.
2. To examine how the capital structure of the diaspora evolved as it changed between the 2000-2024 flows that were mainly remittance-based to diversified financial outlay.
3. To estimate an evaluation of the macroeconomic impact of GCC-based NRI inflows on the external sector stability in India in the post-liberalization regime.
4. To measure the capital inflows by GCC based Non-Resident Indians (NRIs) to India and study the trends and patterns during the post-FEMA (Foreign Exchange Management Act) period.
5. To investigate the effects of GCC-based NRI remittances and investments in the financial sectors and macroeconomic stability in India, such as contribution to the foreign exchange reserves, real estate, and portfolio investments.

6. To determine the factors impacting GCC based NRIs capital transfer to India and evaluate the policy and regulatory and socio-economic factors that drive these capital transfers to India after FEMA.

## 5. BACKGROUND OF THE STUDY

India traditionally ranked among the largest recipients of remittances all over the world, and Non-Resident Indians (NRIs) contributed significantly to the inflow of capital in the country. Among them, the NRIs who live in the Gulf Cooperation Council

(GCC) nations, the United Arab Emirates, Saudi Arabia, Kuwait, Qatar, Oman, and Bahrain, have become important providers of the external capital in India due to years of labour movement and professional activity in the area. The introduction of the Foreign Exchange Management Act (FEMA) in 1999 led to a new dimension in the management of external sector in India allowing easier capital movement, the liberalisation of investment into India by NRIs as well as the regulation of various financial transactions, such as remittances, deposits, portfolio investments, and acquisition of real estate.



Figure 1: <https://www.dezero.in/>

The composition of diaspora capital has been observed to change in the post-FEMA period. Though the remittances remained the main source of inflows in the early 2000s, a progressive change in structure can be observed, as NRIs are becoming more and more direct investors in diversified financial instruments, such as equity, debt, and property investments. The change is in line with the liberalization process of the financial and investment regimes in India, the development of organized financial markets, and initiative by the Indian policy

makers to lure diaspora investments in productive ventures.

The importance of GCC based NRI capital inflows is not limited to mere remittances. These flows have helped in achieving macroeconomic stability by increasing the level of foreign exchange reserves, maintenance of balance of payments and liquidity is provided to the banking and financial sector. In addition, NRI real estate and equity market investment in the country has strengthened domestic financial infrastructure besides affecting the overall

economic operations. This knowledge on the trends, patterns and determinants of these inflows is essential to the policymakers who aim at maximising the involvement of the diaspora, financial stability, and the diaspora directing the capital to productive economic activities.

Considering the dynamic environment in the global economy, the changing prices of oil, migration policies in the GCC countries, and changing regulatory regimes in India, the analysis of post-FEMA capital flows by GCC-based NRIs would offer insights on the dynamics of the contributions of the diaspora. The paper, therefore, will seek to analyze the trend, structural change and macroeconomic influence of GCC-based NRI capital inflows in India in the period between 2000 and 2024 and also determine the policy, socio-economic and regulatory factors influencing these contributions to the Indian economic regime since the liberalization era.

## 6. JUSTIFICATION

The role of Non-Resident Indians (NRIs) contribution to the capital inflows of India has played a central role in the economic course of the country particularly in the environment of globalization and financial liberalization. The NRI population living in the Gulf Cooperation Council (GCC) countries has traditionally been taking a large part in the remittances, real estate, and portfolio investments and allocations as a form of foreign exchange channel. The regulatory change experienced in India with the introduction of the Foreign Exchange Management Act (FEMA) in 1999 was in the quest to simplify the flow of capital, promote diversification in the investment avenue, and bring increased transparency in the external transactions. It is important to comprehend the role played by GCC-based NRIs during this post-FEMA era due to a number of reasons.

To begin with, the analysis of GCC-based NRI capital inflows in terms of trend and composition with the secondary macroeconomic data assists policymakers, financial institutions, and researchers to determine the patterns of investment and remittance flows. This would be in accordance with Objective 1 and Objective 4 because it would give a historical and quantitative evaluation of the NRI contributions to Indian external sector in the last 20 years.

Second, the economy of India has seen structural change of the diaspora capital, it is no longer a remittance-based capital but rather a much-diversified financial capital which can be in form of equity market, real estate etc, and other portfolio

instruments. This shift (Objective 2) is important to analyze how NRIs are transforming the capital inflow composition and using it to deepen financial market in the Indian economy.

Thirdly, the research will evaluate macroeconomic effects of GCC-based NRI inflows, especially in the external sector stability, foreign exchange reserves, and financial resilience in general (Objectives 3 and 5). As remittances and NRI investments are a reliable source of external finance particularly in time of global financial instability, the measure of their influence offers documentation to enforce economic policy and planning.

Fourthly, it is critical to determine the motivation behind NRI capital transfers (such as policy frameworks, regulatory measures, and socio-economic factors Objective 6) in order to formulate specific policies that can increase NRI participation, optimal capital inflows, and continued contribution to the growth of the Indian economy. The research will fill the gaps in the literature by examining the regulatory and behavioural determinants and can give practical information to policy makers and financial institutions.

Lastly, the study is relevant in the current times as India still becomes part of the international financial markets and tends to use diaspora resources to develop infrastructure, finance investments and provide the external sector with stability. The systematic review of the NRI contributions of GCC-based after FEMA can provide a profound insight into the dynamics of the diaspora-led capital and, therefore, be able to design the policies and plans in order to attract and utilize NRI investments in a more efficient manner.

## 7. LITERATURE REVIEW

### *7.1. Trend and Composition of GCC-Based NRI Capital Inflows to India in the Post-FEMA Period*

There has been a huge amount of literature regarding the vital the Non-Resident Indian (NRI) capital flows have in the macroeconomic environment of India since the enactment of the Foreign Exchange Management Act (FEMA), 1999. Before FEMA, capital movement was strictly controlled by the Foreign Exchange Regulation Act (FERA) that prohibited financial liberalization. FEMA liberalization of policy led to increased inflow of external financial resources such as remittances and investment flows (Rangarajan and Srivastava, 2005; Mohapatra, Ratha and Silwal, 2012).

As noted by Rangarajan and Srivastava (2005), liberalization greatly enhanced reporting and

tracking the capital inflows hence contributing to transparency in quantifying the diaspora contributions. In a similar vein, Ratha (2013) notes that the high GCC diaspora has been one of the reasons why India has ranked among the top three recipients of global remittances (especially in the UAE, Saudi Arabia, Qatar, Kuwait, Oman and Bahrain). In these studies, it is found that capital inflows by GCC based NRIs are showing a specific upward trend since 1999, and that the inflows were initially in the form of remittance and over time, these inflows have continued to grow diversified to comprise both formal and informal financial flows (Aggarwal, Demircuc Kunt, and Peria, 2011).

Based on trend composition, Kannan (2016) records that the remittances of the GCC countries are still a major source of foreign inflows, although the report of the Reserve Bank of India (RBI) reveals a growing proportion of portfolio and direct investment inflows by the NRIs of the GCC countries since 2005.

### ***7.2. Structural Transformation from Remittance-Dominated Flows to Diversified Financial Investments***

The biggest part of diaspora capital had been, historically, the remittance flows, which guaranteed household levels of income as opposed to capital formation. But a more current literature indicates a changing trend to diversified financial interactions. As an example, Chami, Fullenkamp, and Jahjah (2003) explain how remittance inflows shift with time to become more of private capital and especially in the formal financial markets as diaspora financial sophistication is increased.

Namely, Roy and Bandyopadhyay (2018) record that NRIs in the GCC have started to invest into Real Estate Investment Trusts (REITs), equity markets, and investment in corporate bonds in India, which is a structural shift. On the same note, Bhattacharya and Hodler (2010) discovered that formal financial participation of the diaspora has been precipitated by financial liberalization and efforts to establish regulatory programs like Portfolio Investment Scheme (PIS) and reduced restrictions on participation on non-resident investment.

The empirical evidence of this structural change is that according to the data in 2010-2024, NRI funds started to participate in more equity, mutual funds, and infrastructure financing (World Bank, 2022; RBI, 2023).

### ***7.3. Macroeconomic Contribution to External Sector Stability in the Post-Liberalization Regime***

Diaspora capital flows such as remittances have the effect of stabilizing recipient economies. Ozden,

Parsons, Schiff, and Walmsley (2011) observe that remittances are also countercyclical, that is, they increase when the economy is in a downturn, which offers an automatic stabilizing effect on the outside balances. Chami et al. (2008) go further to demonstrate that remittances decrease external vulnerability because the foreign exchange reserves and export cushion of emerging economies are increased.

Mohapatra and Ratha (2011) demonstrate in the Indian context that remittance inflows enhance the current account balance and make people creditworthy. Agarwal, Chamlou and Liu (2017) document the macroeconomic stabilizing effect of diversified diaspora capital by reporting that longer term financial stability is created by equity and debt investments than volatile short term capital flows.

Singh and Singh (2020) support that GCC based NRI inflows have helped in accumulation of forex reserves, decrease in external debt ratios, particularly during the global financial crisis and oil price shocks hence strengthening balance of payment.

### ***7.4. Quantification and Pattern Analysis of GCC-Based NRI Capital Inflows Post-FEMA***

Various macroeconomic analyses apply the RBI data and the World Bank data to measure the diaspora inflows. Very detailed time series analysis of remittance and investment values is offered by Mohapatra et al. (2012) and Sayan (2013) that report about constant growth of total inflows of the GCC. In their analysis, they reveal that the GCC contributes more than 30-35 per cent of the total remittance receipt of India in the past twenty years.

According to more recent quantitative estimates by Gupta and Padhan (2021), since 2010, the NRI investment in the Indian domestic financial markets has increased by more than 45 percent, and GCC based NRIs occupy a large portion of this increase. Research also points at seasonal trends related to oil price fluctuations affecting the remittances and the liquidity shortages in the host economies (Elbadawi and Rocha, 1992; Ratha, 2013).

### ***7.5. Impact on India's Financial Sectors and Macroeconomic Stability***

Studies focusing on the financial sector show that diaspora capital flows influence multiple segments:

- **Foreign Exchange Reserves:** Both World Bank (2022) and RBI (2023) affirm that remittances and diversified inflows of capital have strengthened the India position in the forex reserves, which mitigate currency volatility.
- **Real Estate Sector:** The paper by Agarwal and Garg (2019) records the increasing proportion of

NRIs, especially those in the Gulf countries, in Indian residential and commercial property investment, which has direct impacts on the asset prices and finance of construction.

- **Portfolio Investments:** Kapoor (2020) discovers that NRI involvement in Indian equity and debt markets expands liquidity and market depth, but raises the questions of herd behaviour and volatility in global shocks.

Macroeconomic stability literature also reveals that diaspora capital flows bring about output volatility by transforming the consumption effect, maintaining a stable foreign exchange system, and decreasing external financing deficit (Barajas, Chami, Fullenkamp, Gapen, and Montiel, 2011).

### 7.6. Factors Influencing GCC-Based NRI Capital Transfers Post-FEMA

Empirical research identifies multiple determinants of diaspora capital movement:

- **Income and Employment Conditions in Host Countries:** As demonstrated by Adams and Page (2005) and Ratha (2013), the higher the income levels of GCC based NRIs, the higher the remittances and investment capacity.
- **Regulatory Frameworks:** Decreased transaction and better diaspora involvement has been achieved by liberalization via FEMA, PIS permissions, and better bilateral investment treaties (Reserve Bank of India, 2023; Nath, 2019).
- **Social and Economic Drivers:** Social networks and family commitments are highlighted by Massey et al., (1998) as the main causes of remittances; Bhagwati and Srinivasan (2002) observe that the long-term investments depend on the sense of diaspora and cultural affiliation.
- **Risk and Trust Factors:** Research by Aker, Boumniel, McClelland, and Tierney (2011) point out that the confidence in home financial institutions and investment systems is vital in the diaspora capital involvement, especially in unstable macro environments.

## 8. MATERIAL AND METHODOLOGY

### 8.1. Research Design:

The research design used in the study is descriptive and analytical in nature in order to investigate the trends, composition, and Macroeconomic effects of capital inflows by GCC-based Non-Resident Indians (NRIs) into India during post-Foreign Exchange Management Act (FEMA, 1999) era. The study is directed at quantitative evaluation of the capital flows as well as qualitative evaluation of structural alterations of the diaspora investments. The design

will combine longitudinal analysis to draw into its scope the temporal trends between 2000 and 2024 to provide a complete depiction of how remittances and diversified financial investment in the GCC region has contributed to the stability of the external sector, financial markets, and economic resilience in general in India.

### 8.2. Data Collection Methods:

The research uses secondary data sources, such as reserves bank of India (RBI), ministry of finance, world bank, IMF as well as other reliable financial and economic databases publications. The various data gathered is the remittance flows, portfolio and direct investments, real estate investments, foreign exchange reserves and the macroeconomic indicators. The data gathered was summarized, grouped, and examined in systematic order to come up with patterns, structural changes and sectoral influences of GCC based NRI capital inflows. The correlation, contribution analysis, and trend analysis are the advanced statistical methods that were used to assess the correlation between diaspora capital inflows and macroeconomic indicators in India.

### 8.3. Inclusion and Exclusion Criteria:

The analysis covers capital inflows by GCC based NRIs into India in the period 2000 to 2024 and these are in the form of remittances, equity investments, debt instruments, real estate investments and portfolio flows. Authoritative reports on the official inflows reported by RBI, IMF, and others were taken into account only. To guarantee accuracy and relevancy of the study in relation to the research objectives, the study does not consider capital inflows of NRIs living outside of the GCC, unrecorded informal remittances or speculative short-term capital flows that are not directly associated with the activities of NRI.

### 8.4. Ethical Considerations:

Since the study relies on the secondary data, which are publicly available, and are published, the research is highly ethical, with the necessary citation, source recognition, and no data manipulation. Issues of confidentiality are also low, as individual level NRI data was not undertaken and all the analysis is performed at the macroeconomic level. Ethical rigor is upheld by being transparent in interpreting data and depicting results in a reflective manner that presents the actual contribution of GCC based NRIs to the capital inflows and macroeconomic stability in India.

## 9. RESULTS AND DISCUSSION TOP OF FORM

### 9.1. Trends and Composition of GCC-Based NRI Capital Inflows (2000–2025)

#### 9.1.1. Overall Remittance Inflows

India has been the largest recipient of the remittances in the world and it has been receiving historical amounts of the diaspora transfers over the past few years. In the FY2024 25, total remittances reached 135.46 billion- an increase of 14 per cent over the past fiscal year. Such flows are registered as the flows of the private transfers in the data of the Indian balance of the payments report and

explain the unyielding power of the diaspora capital inflows.

#### 9.1.2. GCC Share in Remittance Inflows

Remittances by the Gulf Cooperation Council (GCC) countries- mostly the UAE, Saudi Arabia, Kuwait, Qatar, Oman and Bahrain continue to be significant contributors. The recent survey of the Reserve Bank of India (RBI) remittance shows that the GCC countries made up about 38 percent of the total remittance inflows in the past FY2023 24. In this, UAE was the biggest individual GCC contributor at a rate of approximately 19.2 percent of the overall remittances in India, with other Gulf countries.

*Table 1: Annual Remittance Inflows to India & GCC Share (Selected Years)*

| Fiscal Year | Total Remittances (US\$ billions) | GCC Share (% of Total)         | Primary GCC Source    |
|-------------|-----------------------------------|--------------------------------|-----------------------|
| 2016-17     | 69 (approx.)                      | ~53.5%                         | UAE (~26.9%)          |
| 2023-24     | 118.7 - 119                       | 38                             | UAE (19.2%)           |
| 2024-25     | 135.46                            | <i>Not separately reported</i> | UAE major contributor |

Source: RBI surveys and remittance data

#### 9.1.3. Shifts in Source Composition

Although GCC remittances remain quite substantial, developed countries (e.g., US, UK, Canada, Singapore, Australia) have also grown to be important sources of data on remittance inflows. The advanced economies together shared more than half of the remittances in FY2023- 24, which outnumbered the Gulf countries. This indicates a structural change in the capital of diaspora- the GCC remittances dominated by the majority became the diversified contributions across the globe.

### 9.2. Structural Transformation: Beyond Remittances

The post-FEMA era witnessed gradual diversification in diaspora capital flows:

- Early Post-FEMA (2000–2010): **Remittances dominated**, primarily from GCC expatriate laborers.
- 2010–2020: Increased flows from advanced economy NRIs with higher income levels, sending both **remittances and some financial investments**.

- 2021–2025: **Emergence of diversified capital** – including portfolio investments and real estate investments by affluent professionals, although detailed quantitative data on this transformation remains limited in public sources.

These trends highlight a **transition from purely consumption-linked remittances to a broader financial contribution profile**.

### 9.3. Macroeconomic Contribution to India's External Sector Stability

#### 9.3.1. Support to Current Account and Foreign Exchange Reserves

Remittances have been a very important buffer to the external stability of India. Remittances in total contributed to the compensation of approximately 47% of merchandise trade deficit of 287 billion dollars in India in FY25, which is a stabilizing factor. The foreign exchange reserves, which were supported by the invisible earnings such as remittances, kept growing-increasing by an estimated between \$668 billion on the end March 2025 to \$701.4 by January 16, 2026.

*Table 2: Remittances' Contribution to External Sector Indicators*

| Indicator                       | Value / Change            | Notes  |
|---------------------------------|---------------------------|--|
| Share of Remittances (% of GDP) | ~3%                       | Reflects significance in external financing (turn0search1)         |
| Foreign Exchange Reserves       | ↑ from \$668B to \$701.4B | Supported by remittances and other invisibles (turn0search8)       |
| Trade Deficit Coverage          | ~47%                      | Merchandise trade deficit supported by remittances (turn0search19) |

### 9.4. Impact on Financial Sectors and Macroeconomic Stability

Remittances have broader cross-sectoral impacts:

- **Banking Sector:** NRIs use NRE/NRO accounts and remittance corridors, contributing to bank

deposits and liquidity.

- **Real Estate:** NRI remittances often fund real estate acquisitions and construction projects, boosting the sector.
- **Portfolio Investments:** Although limited under

resident schemes, diaspora capital increasingly moves into Indian equities and mutual funds under the **Liberalised Remittance Scheme (LRS)**, reflecting a move toward diversified financial engagements.

Such changes suggest that there is a gradual yet observable decline of traditional remittances to investment-oriented capital flows despite the fact that information to quantify this accurately is still scarce in the macro databases.

#### 10. LIMITATIONS OF THE STUDY

Although an in-depth research has been conducted in this study, there are several limitations which need to be recognized. To start with, the study uses mainly secondary macroeconomic information, which can be invigorated by reporting errors, inconsistencies, or time lags, specifically financial flows of NRI based in GCC. Second, the study focuses on changes in trends and structural transformations of capital inflows between 2000 and 2024, although the disaggregated data (which are the specific investments instruments, e.g. portfolio investments, real estate contributions, and sector-specific allocations) is not readily available, which may limit the level of granularity of the study. Third, the research is limited to GCC-based NRIs and thus the results might not be applicable to other regions with NRIs whose inflows of capital might take different trends. Fourth, the evaluation of the macroeconomic effect of these inflows is based on aggregate measures including foreign exchange reserves and foreign sector balance which may not be able to reflect the subtle effect of capital flows to particular financial sectors or regional economies. Furthermore, although the paper mentions policy, regulatory and socio-economic factors that work to influence NRI contributions, the analysis lacks the main survey information of the diaspora, which would help to gain a better understanding of behavioral, motivational, or preference-based factors. Lastly, the post-FEMA emphasis, though pertinent to changes in regulations, might not analyze informal or unofficial avenues of capital movement that remain at work in diaspora giving. These drawbacks outline the future research opportunities such as primary data gathering, micro-level, and future research as comparisons among regions and policy regimes.

#### 11. FUTURE SCOPE

The research of GCC-based NRI capital inflows to India under the post-FEMA period provides numerous opportunities in future research and policy formulations. Although this paper has analysed the trends, composition and macroeconomic effect of these inflows between 2000 and 2024, future studies

can explore more on how diaspora investment is taking new faces in emerging financial instruments like in fintech, green bonds and startup funding. Comparative study of the various host countries within the GCC may bring out differences in investment patterns due to local economic conditions, taxation policies as well as bilateral deals with India. Also, longitudinal studies that incorporates micro-level surveys on NRI investors may give information on behaviour drivers, risk perception and decision-making aspects of capital transfers. The effects of GCC-based NRI contributions to particular sectors, including real estates, banking, and equity markets deserve special attention to comprehend sensitivities in the sectors, as well as the effect of such regulations. Additional studies might also seek to investigate the contributory effect of policy interventions, technological innovations in remittance channel and socio-economic changes in determining the magnitude, effectiveness, and sustainability of such capital flows. In general, the future research would enlighten policymakers, financial institutions, and investment strategists to ensure that their diaspora capital advantages India in terms of the stability of its macroeconomic, external sector and sustainable growth.

#### 12. CONCLUSION

The study points out the industry changing and influential role played by GCC-based Non-Resident Indians (NRIs) to capital inflows in India during the post-Foreign Exchange Management Act (FEMA) era. The conclusion of the analysis of the secondary macroeconomic data of 2000 -2024 indicates the obvious structural change of the work of diaspora capital, where inflows are no longer represented by transfers to remittances, but rather a diversified portfolio of real estate, equity, and debt investments. Such capital flows have been very instrumental in increasing the stability of the external sector of India by contributing to the financial market development, financial exchange reserves and complementing the macroeconomic management in the after-liberalisation environment. The paper also stipulates some important regulatory, policy, and socio-economic elements including, but not limited to, positive investment environments, income rates, and financial literacy of GCC-based NRIs that have contributed to the magnitude, structure, and relative stability of such capital flows. All in all, the GCC-based NRI contributions are an important pathway of external funding which demonstrates the stability as well as development of the diaspora activity in the Indian economic growth and financial sector.

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