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# Indian Immigrants in Canada: The Shades of Economic Integration

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Analyses of IMDB Tax File Data, LIDS  
Landing Records and Census Public Use  
Microdata Files

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## Executive Summary

The study develops a socio-economic profile of the Indo-Canadian diaspora by analyzing landing records, income tax data, and census micro data files. The study examines the key determinants of the success or failure of immigrants' economic integration. The findings tell us that the combination of high education, age, and advanced language skills in official languages upon arrival improves the chances that Indian immigrants will earn high incomes over time.

While many Indian immigrants have achieved success in politics, business, and cultural roles, Indian immigrants also include a significantly higher proportion of low-income families and unemployed adults compared with the Canadian-born population. This study reveals that poverty among Indian immigrants decreases as they spend more time in Canada, yet many Indian immigrants – even after several years in Canada – experience a glass ceiling as their incomes rise. Furthermore, while most high-income earners are professionals, professionals are also found among the lowest earners. Possible reasons for this finding include the failure to recognize foreign credentials, downturns in the economy, skills mismatch, or a combination of these and other factors.

The study indicates that Indian immigrants in Canada can be conceived as forming two broad streams – one group of immigrants who find their footing quickly, progressively earning higher incomes with time in Canada and, another composed of people who appear to not experience much upward mobility, even after several years in Canada.

There is clearly labour market segmentation among Indo-Canadian immigrants. While some are high-income earning doctors, scientists, entrepreneurs, or other professionals, a large number of Indo-Canadians are concentrated in declining sectors of the economy – manufacturing, waste management, and transportation. Given current market crises, the decline of manufacturing, and U.S.-Canada border issues, Indo-Canadians are among those most likely to be affected.

To contextualize the experience of Indian immigrants, throughout the report comparisons are made with immigrants in general and Chinese immigrants specifically. Chinese-Canadians are an ideal group for comparison with Indo-Canadians because they are the largest visible minority population in the country.

One of the striking findings from this comparison is that the characteristics of Chinese immigrants who have become affluent indicate another pathway to success in Canada. Unlike Indo-Canadian immigrants, whose affluence has occurred through labour market outcomes related to the high human capital assets upon entry combined with strong English capability, many Chinese have become affluent in Canada without having strong official language ability, at least upon entry in Canada. Furthermore, Chinese immigrants include a uniquely high number of people who regularly use a non-official language at work, strongly suggesting that the Chinese ethnic economy has provided a veritable alternative path to success in Canada.

## Highlights

### Migration and Settlement

- Before 1967, immigration from India to Canada was very low. The majority of Canada's Indian-born population has arrived since 1980, especially since the 1990s.
- According to the 2006 Census, there are 443,690 Indian immigrants in Canada. Roughly half (over 220,000) live in Toronto. Vancouver is the second main destination with more than 80,000 Indian-born residents.
- In recent years the proportion of Punjabi-speaking Indian immigrants has declined by about 20%, coinciding with the growth of Gujarati, Bengali, and Southern Indian language groups.
- Sikhs form the largest Indian ethnic group in Canada. In Vancouver, Sikhs constitute more than 80% of the Indian population. In Toronto, Sikhs slightly outnumber Hindu residents, but the population is more balanced.

### Characteristics of Indian Immigrants in Canada

- Today skilled immigrants represent the main landing class (49.7% of all Indian immigrants) compared with 1983, when family class immigrants were over 54% of the Indian immigrant pool.
- Compared with the early 1980s, today the majority of Indian immigrants enter with a tertiary-level education. In fact,

Indian immigrants generally arrive with better education than immigrants from other countries.

- In 1980, almost 70% of all Indian immigrants to Canada spoke neither of the official languages (English and French). Now over 60% of Indian newcomers identify themselves as proficient in English upon entry.
- Compared with other immigrants, Indian immigrants tend to arrive at an older age (i.e., 7.8 % arrive aged less than 15 as opposed to 23.65% of all immigrants). However, since 1980, an increasing share of Indian immigrants under the age of 34 has entered Canada.

### Economic Profile of Indian-born in Canada: Poverty and Prosperity

- Indian immigrants include a significantly higher proportion of low-income families and unemployed adults compared with the Canadian-born population.
- In 2001, twice as many Indian immigrant families lived below the poverty line (LICO) than the Canadian-born average. In Toronto, the unemployment rate for working age Indian immigrants was 15.1% in 2001.
- Although many Indian immigrants have low incomes, there is a small but growing group of affluent Indian-born Canadians. Nevertheless the proportion of Indian immigrants who earn high incomes (2.7%) is roughly half the Canadian average of 6%.

- Indian immigrants are overrepresented in manufacturing, transportation, financial and insurance services, and waste management compared with the Canadian average. Chinese immigrants are similarly concentrated, except this group also includes a larger number of workers in the food and accommodations services industries.

### **Profile of the High-Income Indian-born in Canada and Determinants of Affluence**

- Approximately 50% of high-income Indian immigrants (individual incomes of \$80,000 or more annually) arrived in Canada before the age of 44. This is higher than both the Canadian (44%) and Chinese (46%) rates for this age category.
- Almost 80% of Indian immigrants with high incomes have either a Bachelor's, Master's, or Doctoral degree.
- Over 90% Indian immigrants who have become affluent arrived in Canada without the ability to speak one of Canada's official languages. This has been one of their keys to success in the Canadian labour market.
- On the other hand, just over 13% of Chinese immigrants who have attained affluence in Canada arrived with no official language capability. Furthermore, Chinese immigrants are much more likely to use a non-official language at work, with approximately 1 in 3 working in a non-official language.
- Although the overall rates of affluence are lower for Indian and Chinese immigrants when compared with the Canadian average of 6%, the longest-established cohort (those arriving between 1985 and 1989) have converged – and even surpassed – the Canadian rate of affluence.
- Among the second-longest established cohort in the study, those arriving between 1990 and 1995, the number of high-income Chinese immigrants has increased rapidly. Their rise stands out starkly against the experience of other immigrants, including Indian immigrants who arrived during this period. Within 10 years, the proportion of high income Chinese stands at 7.1%, while at that point, the rate is 3.7% for Indian immigrants.
- While high educational and skill credentials are prevalent among those with high incomes, a substantial share of the low-income Indian-born population includes people with similar high educational and skill credentials.
- No one trait is likely to determine success. Instead, the data indicate that the combination of high education and language ability and early age upon arrival improve the chances for Indian immigrants to earn high incomes over time.
- Slightly over 3% of Chinese immigrants who have arrived with elementary work skills have become affluent in Canada. This differs considerably from affluent Indian immigrants, who are almost entirely skilled workers or professionals.

## 1. Introduction

The Indo-Canadian community is arguably the largest Indian diaspora in the world and the second-largest immigrant group in Canada, following close behind – but poised to exceed – the Chinese immigrant population. This study develops a socio-economic profile of the Indo-Canadian diaspora by analyzing immigrant landing records, income tax data, and Census microdata. In particular, we examine the key determinants of the success or failure of immigrants' economic integration. The study also compares the Indo-Canadian economic experience with the economic experiences of all Canadians, all immigrants, and Chinese immigrants – the other large contemporaneous visible minority group in Canada.

The report is organized into eight sections. Following the introduction, we briefly describe the history of the Indian immigrant presence in Canada. The third section provides an overview of contemporary Indian migration and settlement in Canada, based mainly on the Landed Immigrant Database and the 2006 Census Profiles. In the fourth and fifth sections, we examine the economic situation of Indian immigrants; first by looking at the general economic profile of Indian immigrants, and second, by analyzing differences in income according to social and demographic characteristics of different income groups. This is followed in section six by a closer look at affluent Indian immigrants. This final section of analysis attempts to identify the pathways to success and contrasts the affluent Indo-Canadian experience with that of Chinese

immigrants. In the final two sections of the report, we offer some conclusions and discuss the limitations of the study as well as some future directions for research.

### 1.1 Context

Almost half a million Indians live and work in Canada today and make significant contributions to diverse sectors of the Canadian economy. Recent forecasts from Citizenship and Immigration Canada project that India will replace China in the near future as the main source of immigrants to Canada (O'Neill 2006). Despite such large numbers and significant economic contributions, no systematic study exists that presents a comprehensive economic profile of Indian immigrants.

Literature related to this topic points to studies on immigrants' economic integration. Many of these studies (Ley 2003; Mata and Pendakur 1999; Pendakur and Pendakur 2002; Reitz 2005; Wang and Lo 2000, 2005) evaluate immigrants' economic performance, employment, earning differentials, and entrepreneurship. The dominant theme in the literature is that most immigrants are subject to some economic penalties upon entry, and earn lower incomes than the native-born. However, a few studies (Gozalie 2002; Pivnenko and DeVoretz 2003) have emerged recently that identify how many immigrants outperform the native-born in their occupations. So far, very few studies focus on high-income earners (Murphy et al. 1994; Murphy et al. 2007; Saez and Veall 2003).

Many Indian-born immigrants who have established successful businesses and industrial enterprises form a distinct group among the successful immigrants. Thus, Indo-Canadians can be divided into two categories of immigrants: those who settle quickly and are relatively affluent and those whose qualifications are not fully valued in the market and remain stuck at levels below their potential. This study provides profiles of both types, but particularly examines the contributions of the well-settled, high-income earners group.

There is no widely accepted definition of “high income.” As a result, researchers have used a number of thresholds for defining it. One of the most common ways to define high income is through an absolute nominal threshold. According to Murphy et al. (2007), the top threshold used in the Canada Revenue Agency (CRA) Taxation Statistics publication *Income Statistics* for many years has been fixed at \$250,000. Another threshold is the \$150,000 cut-off used to designate the highest income group in Statistics Canada’s Census data.

Other absolute nominal definitions include the \$100,000 baseline used by the Province of Ontario in their Public Sector Salary Disclosure Act, or the level of income above which the top federal rate of tax, or high-income surtaxes begin to be paid. This level has varied from as low as about \$60,000 in the year 2000 to as high as about \$114,000 in 2004 (Murphy et al. 2007).

While absolute nominal thresholds are easy to understand, their real values change because of inflation. A relative threshold, by

comparison, takes into account not just the rise in income because of inflation, but also real per-capita economic growth. A relative threshold divides an income distribution using a quantile cut-off point to differentiate between those with higher incomes and those with lower incomes (Murphy et al. 2007).

Our predominant focus in the study is on relative thresholds, generally incomes in the top 5% of the population or less. The income threshold for individuals in the top 5% begins at \$89,000 (in 2004 estimates). But due to data limitations and privacy and confidentiality constraints, the high-income cut-off used in this study is \$80,000.

## 1.2 Objectives

The study has three objectives:

1. To create profiles of Indian immigrants (born in India) highlighting their socio-economic conditions, immigrant class, skills and language proficiency, and educational and occupational achievements.
2. To analyze Indian immigrants’ economic conditions and contributions to the Canadian economy and compare them with those of Chinese immigrants (born in the People’s Republic of China), a correspondingly large visible minority group.
3. To develop the profile of high-income earners<sup>1</sup> (\$80,000 and above) among Indian immigrants.

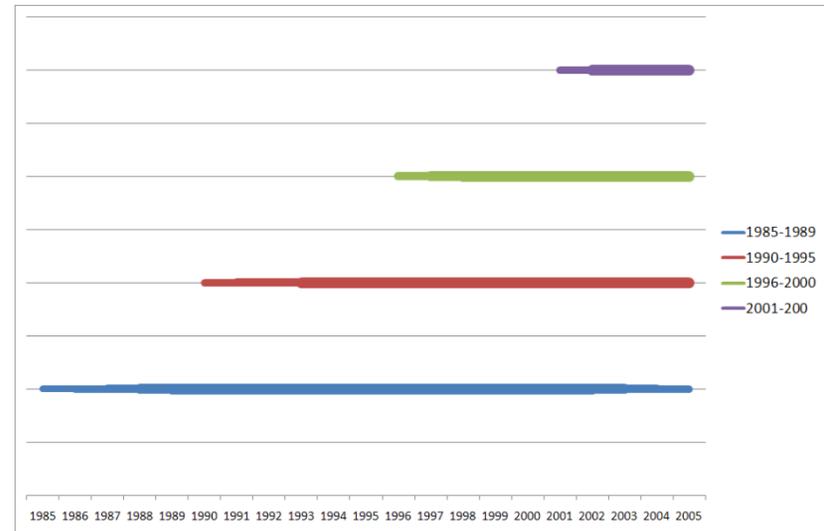
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<sup>1</sup> For further definitions of high income, see Murphy et al.’s (2007) research paper entitled “A Profile of High-income Canadians.”

### 1.3 Method

The study relies on the 2001 and 2006 census datasets and three micro datasets – the Longitudinal Administrative Immigration Database (IMDB), the Landed Immigrants Dataset (LIDS), and the 2001 Public Use Microdata Files (PUMF).

IMDB contains immigrant landing records and annual tax information for immigrants who have arrived since 1980. It represents over 55% of the total number of immigrants who landed during the period. This data includes all the information on an individual’s landing paper, such as the person’s country of last permanent residence, the year of landing, the immigration class, his or her level of education at the time of landing and so on. The tax data are collected from the immigrants’ annual tax returns reported in T-4, T-4a, and T-5 forms, which include employment income, self-employment income, and investment income. The data also include the industry codes in which the immigrant was employed.



**Figure 1: Examined Tax Years of Immigrant Landing Cohorts**

Source: IMDB Tax File Data

Figure 1 illustrates the annual coverage of the examined cohorts in the study. After 16 years, the records end; therefore, the earliest entry cohort (1986-1989) experiences attrition in the final available tax years. All of the other cohorts have full coverage up to 2004 – the final available tax year in IMDB data.

Although the landing records database in the IMDB tax file datasets includes a “destination” variable (usually a municipality in Canada), that variable is reliable only at the CMA level, not at lower levels of geography. Also, it is only an “intended” destination, which may not be the actual destination of landing.

For the researcher, the IMDB is the only source of labour market data that permits the user to distinguish between categories of immigrants or to distinguish between cohort, period, age at immigration, location, and program effects when analyzing immigrant labour market behaviour.

The LIDS contains information collected from the *Immigrant Visa and Record of Landing* at the time of landing. It includes demographic data (such as age, sex, country of birth, citizenship, mother tongue, and intended destination), program data (such as immigrant category, principal applicant code, and employment status) and personal attributes (such as intended occupation, years of schooling, level of education, and self-assessed knowledge of an official language).

The 2001 Census Public Use Microdata Files (PUMFs) contain data based on a sample that represents approximately 2.7% of the population enumerated in the census. Microdata files are unique in that they give users access to individual-level data. The data allow researchers to group and manipulate variables to suit data and research requirements. Tabulations excluded from other census products can be created or relationships between variables analysed using different statistical tests. These files provide quick access to a comprehensive social and economic database about Canada and its people.

## 2. Background of Indian Migration to Canada<sup>2</sup>

Indians have been contributing to the Canadian economy since their arrival almost 120 years ago. The very first Indians landed on the shores of British Columbia in 1887 when their ship stopped there en route from Britain to India. Sikhs from the Punjab province of India, they found employment in the forestry and steel industries.

Canada's Indian immigrant population numbered about 300 in 1903 and grew between 1904 and 1908 to close to 5,000. The increase coincided with Canada's need for manual labour due to a lapse in Chinese immigration. The Canadian government had raised the head-tax on Chinese immigrants to \$500 and needed Indian immigrants to take their place. Many Indians found jobs in large Canadian companies such as Canadian Pacific Railway and the Hudson's Bay Company as well as in resource industries. Jobs with lumber camps, sawmills, cattle farms, and fruit orchards were also within reach.

In 1908, the Canadian government restricted Indian immigration by passing anti-Asian legislation. Many immigrants returned to India due to socio-economic pressures, restrictive immigration policies, and the exclusionary stance of Canada at that time (Sharma 1997). The exclusionary conditions in the legislation made Indian immigration almost impossible. For instance, the "continuous journey" rule required every ship to arrive in Canada directly from its

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<sup>2</sup> Soodabeh Salehi's (2008) "Building Bridges: The Role of the Indian Diaspora in Canada" was consulted for the content of this section.

homeport, but a ship from India, due to distance, was compelled to stop at a foreign port to refuel.

The infamous *Komagata Maru* incident was a result of this exclusionary law. In 1914, the *Komagata Maru* steamship arrived in Vancouver with 376 passengers from India aboard; these passengers were denied entry into Canada. After being detained for almost two months in conditions of near-starvation, the passengers were ordered to return to India, except for 24 passengers who were given permission to stay in Canada. The *Komagata Maru* and its passengers were forced to leave Canadian waters on July 23, 1914. Upon arrival back in India, many of these passengers were subsequently killed or imprisoned (Johnston 1979).

According to Sharma (1997), as a consequence of restrictive immigration policies for Asians, only one Indian man entered Canada between 1914 and 1918. Between 1921 and 1923, only eleven women and nine children came to Canada from India. The number of Indians coming to Canada remained very low from 1919 to 1945. From 1947 to 1957, fewer than 100 people a year from India were allowed to immigrate to Canada. However, after 1950, with changes in Canada's immigration law, Indian immigration to Canada began to increase. For example, in 1957, the number of Indian immigrants to Canada increased to about 300 a year.

Between 1962 and 1967, Canadian immigration regulations were further liberalized. The reclassification of the categories for entry included the skilled class and the family class, which

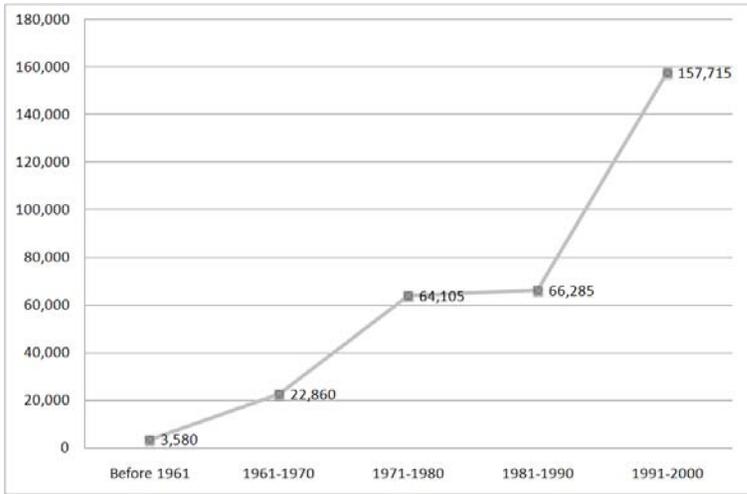
allowed more women and children, as well as more ethnically diverse groups, to enter Canada.

In 1967, with the introduction of immigration quotas based on a point system rather than on ethnicity, the Indian immigrant population began to increase. Since the late 1990s, approximately 25,000 to 30,000 Indians have arrived each year. Indian immigrants are currently the second-largest incoming group with more than 35,000 entrants in 2005, surpassed only by immigrants from China (43,182). India is poised to replace China in the near future as the main source of immigrants to Canada (O'Neill 2006).

While often seen as a recent immigrant population, the historical record shows that an Indian diaspora has existed for over 100 years. The history also shows that patterns of Indo-Canadian settlement have been strongly affected by trends in immigration policy, as well as economic ups and downs in Canada.

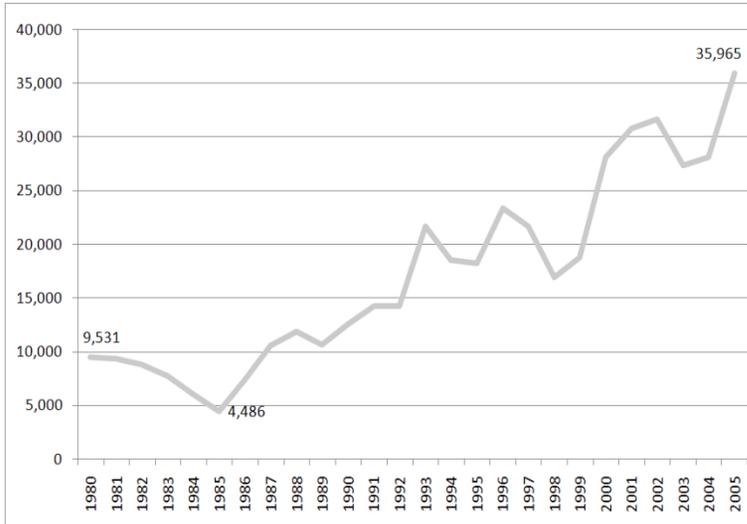
### **3. Recent Indian Settlement**

The official records indicate that 3,580 Indian-born immigrants entered Canada before 1961. Between 1961 and 1980, a total of 90,545 Indian-born immigrants arrived, an average of 5,000 persons per year (Figure 2).



**Figure 2: Numbers of Indian Immigrants to Canada by Decade Since 1961**

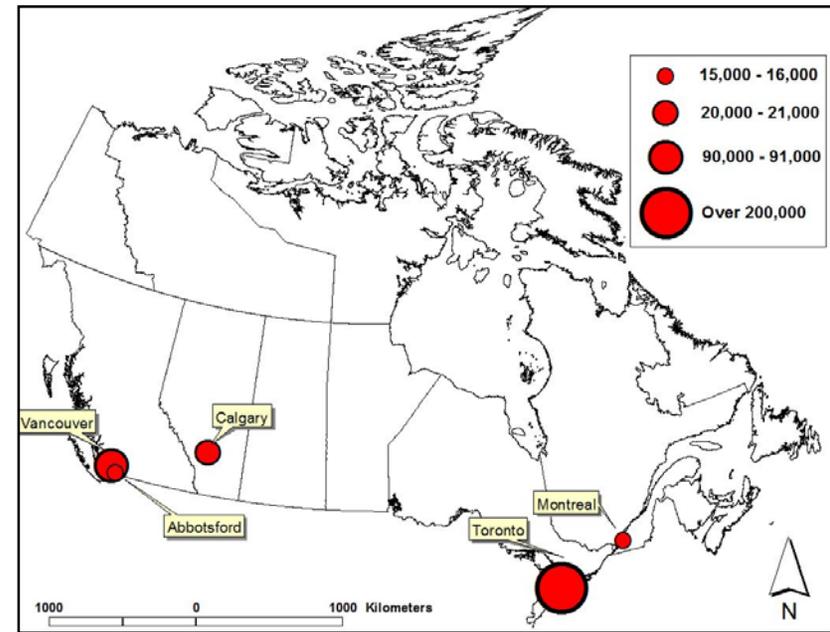
Source: Census of Canada, 2001



**Figure 3: Numbers of Indian Immigrants Arriving Per Year Since 1980**

Source: LIDS 2005

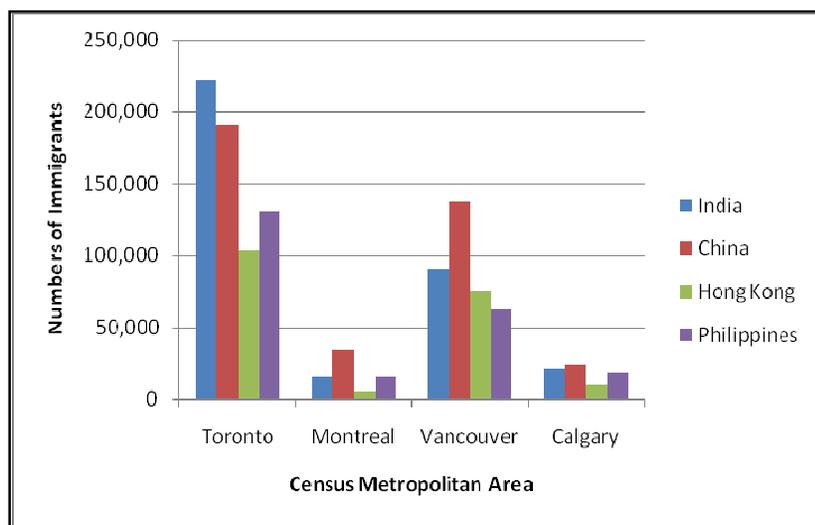
Overall, the vast majority of Indian immigrants have entered the country since 1980. Figure 3 shows the yearly in-flows of Indian immigrants based on the LIDS (2005). Since 1985, there has been a general trend of increasing numbers of Indian immigrants to Canada, with more than 20,000 Indians immigrating each year after 1990 (Figure 3).



**Figure 4: Major Centres of Indian Immigrant Settlement in Canada**

Source: Census of Canada Profiles, 2006

According to landing records, Indian immigrants are increasingly choosing Toronto as their destination (Figure 4). In 1980, 33% of Indian immigrants said that upon entry they would settle in Toronto, followed by 19.8% who chose Vancouver and 7.4% Montreal. By 2005, roughly two-thirds of Indian immigrants (65%) arrived intending to settle in Toronto, while only 12.8% of Indian immigrants were now choosing Vancouver (although it remains the second-ranked gateway destination), followed by 3.1% who chose Montreal. Of the more than 35,000 Indian immigrants who arrived in 2005, 23,318 chose Toronto as their intended destination (LIDS, 2005).



**Figure 5: Main Immigrant Populations in Selected Canadian CMAs, 2006**

Source: Census of Canada, 2006

According to the recent 2006 Census, about half (221,930) of all Indian immigrants (443,690) live in the Toronto Census Metropolitan Area (Figure 5), and Indians represented the largest single-country group until the re-unification of China and Hong Kong (191,120 and 103,095 immigrants, respectively). If the descendants of immigrants are taken into account, Canadians of South Asian-origin, of which Indians are the main group, comprise 1,316,770 people (by multiple and single identification with South Asian ethnic origin). Although at the national level, this is still smaller than the number of Chinese Canadians, in Toronto, South Asians represent the largest ethnic group, with 713,630 persons, or 14.1% of the region's population. Chinese, the second-largest group in Toronto, total 537,060. According to the 2006 census, South Asian-origin Canadians comprised 4.2% of the national population (Statistics Canada, 2008).

### 3.1 Characteristics of Recent Immigrant Cohorts

The following section describes the entry characteristics of four recent cohorts of Indian immigrants to Canada. These groups were selected based on their period of entry to Canada in order to match the progression of the national Census and to complement the IMDB datasets that link immigrants' landing records (LIDS) with their subsequent tax file information. Most of the following analysis is drawn from the 2005 LIDS dataset, with some graphs from the Public Use Microdata set from the 2001 Census of Canada. Since the Census of Canada questionnaire is disseminated a year prior to the publication of survey results – for example, the 1996 Census of Canada is

based on survey responses given in 1995 – the selected cohorts are as follows:

**1985-1989; 1990-1995; 1996-2000; 2001-2003<sup>3</sup>**

It is worthwhile noting that the majority of the immigrants entering Canada between 1990 and 1995 would have entered when the Canadian economy was in recession (1990-91), followed by a slow recovery. This period is considered one of the worst economic crisis to hit Canada in the post-war period (Fortin, 1996) until 2008 and, has been considered a vital factor in the economic incorporation of recent immigrants (Ayedemir, 2003; Ayedemir and Skuterud, 2004). Ayedemir (2003) has shown that cohorts of immigrants arriving during recessionary periods suffer “economic scarring” that slows their economic success.

Historically, Canadian immigration policy was based on the idea of “absorptive capacity,” which meant that limits were set on the numbers of immigrants allowed into the country according to the growth or contraction of available jobs (Green and Green 1999). Since the 1980s, however, the numbers of immigrants entering Canada each year have increased or remained stable even during recessionary periods. This retreat from the policy of absorptive capacity has been identified as the cause for the deterioration of immigrant earnings in recent years (Green and Green 2004). Table 1 indicates that the

<sup>3</sup> 2003 was the last year available for tax file data corresponding with the LIDs.

numbers of Indian immigrants entering Canada have risen steadily in each time period. Note that the 2001-2003 cohort is the shortest time frame.

**Table 1: Numbers of Indian Immigrants to Canada, 1985-2003**

| Period of Immigration | All Immigrants | Indian-born | Indian Immigrants, % of Total Immigrants |
|-----------------------|----------------|-------------|--|
| 1985-1989             | 688771         | 45127       | 6.6                                      |
| 1990-1995             | 1398021        | 99781       | 7.1                                      |
| 1996-2000             | 1033729        | 109034      | 10.5                                     |
| 2001-2003             | 701039         | 89892       | 12.8                                     |

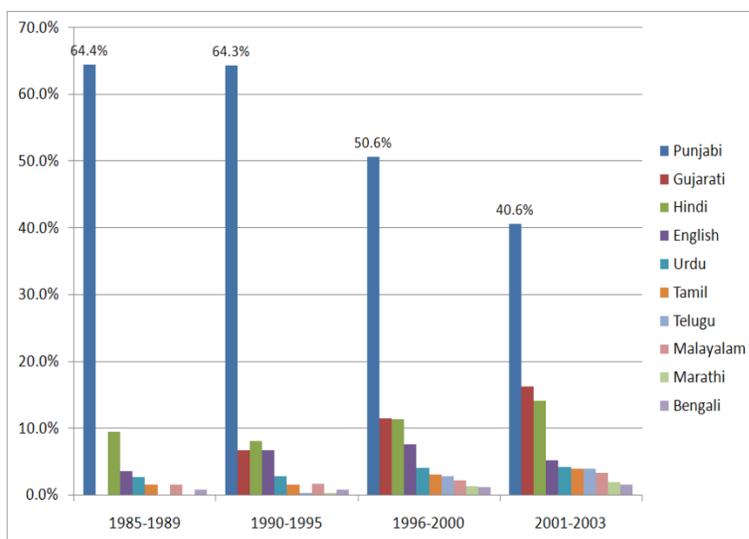
Source: LIDS 2005

Table 1 indicates that during the 1990-1995 period, inflows of immigrants grew rapidly – by over 100% – relative to 1985-1989. Inflows of Indian-born immigrants also doubled during this period. Since 1985-1989, when Indian immigrants were 6.6% of all new immigrants, the proportion of Indian immigrants to Canada has risen steadily. Now Indian newcomers comprise approximately 13% of all immigrants to Canada. The LIDS data indicates that the balance of Indian immigrants by gender has remained close to even throughout the cohorts.

**3.2.1 Language**

The mother tongue data from the LIDS provide the only available information that can be used to identify intra-national ethnic origins of Indian immigrants from the landing records. Figure 6 shows the major languages identified as the mother tongue of Indian immigrants during the examined periods of immigration and indicates that the Indian-born population in

Canada has become more diverse since the mid-1980s, though Punjabi remains the most widely spoken mother tongue of new arrivals, at 41% of all Indian immigrants between 2001 and 2003.

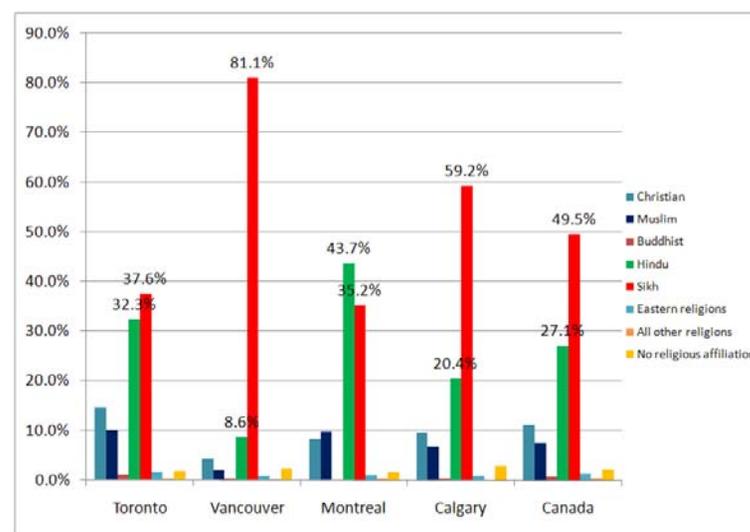


**Figure 6: Mother Tongue of Indian Immigrants by Period of Migration**  
Source: LIDS 2005

In the two most recent periods, 1996-2000 and 2001-2003, the proportion of people identifying Punjabi as their native language has declined by roughly 20%. Simultaneously, an increasing percentage of Indian newcomers now identify Gujarati, Bengali as well as Southern Indian languages – in particular, Telugu, Tamil and Malayalam – as their native language. About 5% of Indian immigrants arriving between 1996 and 2003 identified English as their native language.

### 3.2.2 Religion

The religious affiliations of Indian immigrants are diverse, with geographically distinctive concentrations throughout the country. Figure 7 shows the religious make-up of the main Canadian cities with significant Indian immigrant populations. The graphs are based on weighted estimates from the 2001 Census Public Use Microdata File.



**Figure 7: Religious Affiliation of Indian Immigrants by Major Center**  
Source: Census 2001 PUMF

Figure 7 indicates that Indian immigrant populations vary considerably between centres. Vancouver’s Indian immigrant population, which has a longer history of Punjabi Sikh migrations, largely comprises Sikhs – over 80% of the population adheres to this religion, followed by less than 10% Hindu adherents. A similar, although less stark, profile is

apparent in Calgary. Montreal is the only major Census Metropolitan Area with a higher proportion of Hindu Indian immigrants than Sikhs; while in Toronto, the numbers are more closely balanced. Each city, except Vancouver, includes a substantial minority (over 15%) of Indian immigrants who either follow Christianity or Islam. At the national-level, Sikhs comprise 49.5% of all Indian immigrants, followed by 27.1% Hindus, 11.1% Christians, 7.5% Muslims, and 2.2% with no religious affiliation.

### 3.3 Landing Classification of Indian Immigrants

In recent years, immigration policy in Canada has shifted to achieve the objective of producing a highly skilled labour force and an entrepreneurial economy (Reitz 2005). Accordingly, greater emphasis has been placed on attracting skilled immigrants, especially those trained for roles in the knowledge and information sectors of the economy, as well as entrepreneurs and other businesspersons and potential investors. One of the consequences of this shift has been the decline of family class immigrants, which were, for most of the period following the reformulation of immigration policy in 1967, the largest class of immigrants (Figure 8).

Figure 8 indicates that as family class immigrants have declined from a high of 54.3% of all immigrants in 1983, the numbers of those in the skilled worker immigrant class has risen. While the increase has fluctuated throughout the period examined, the general trend indicates an increase from about 30% of all immigrants to 50% on average since the mid-1990s.

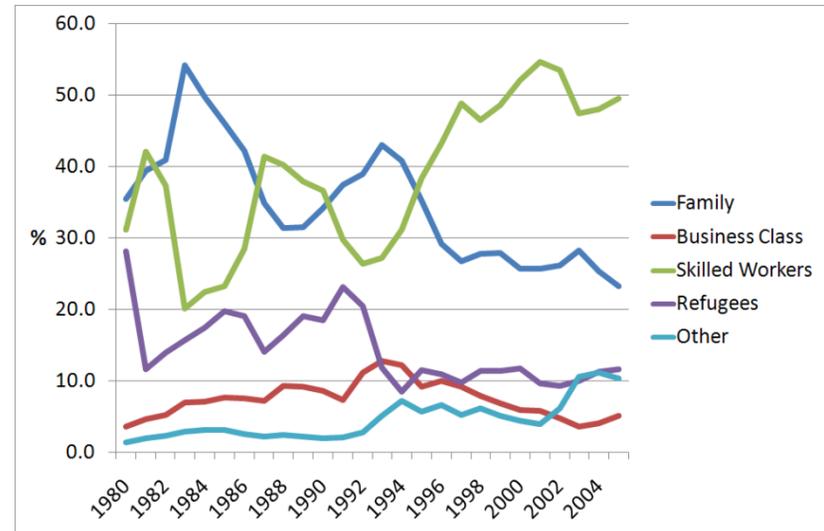


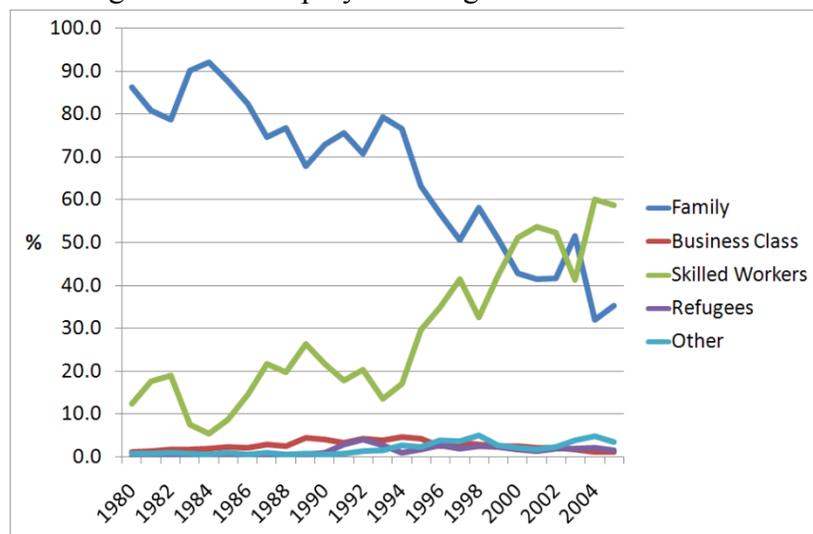
Figure 8: Landing Classes of Immigrants to Canada, 1980-2004

Source: LIDS 2005

In 2005, 49.7% of all immigrants were identified as skilled workers. Although Canada has recently focused on attracting businesspeople and entrepreneurs, this group remains less than 10% of all immigrants – making up 5.1% of the 2005 group. The highest levels of business class immigration<sup>4</sup> (which includes those listed as entrepreneurs, self-employed, and investors) occurred between 1988 and 1997, when the percentage of business class migrants remained above 9%, with over 11% in 1992, 1993, and 1994. Interestingly, this high point coincides with the end of the recession, which may indicate a short-term government objective of stimulating investment through the introduction of more entrepreneurs and

<sup>4</sup> Business class – most are principal applicants.

investors and relieving pressures on the labour market by attracting more self-employed immigrants.



**Figure 9: Proportions of Indian Immigrants by Landing Class**

Source: LIDS 2005

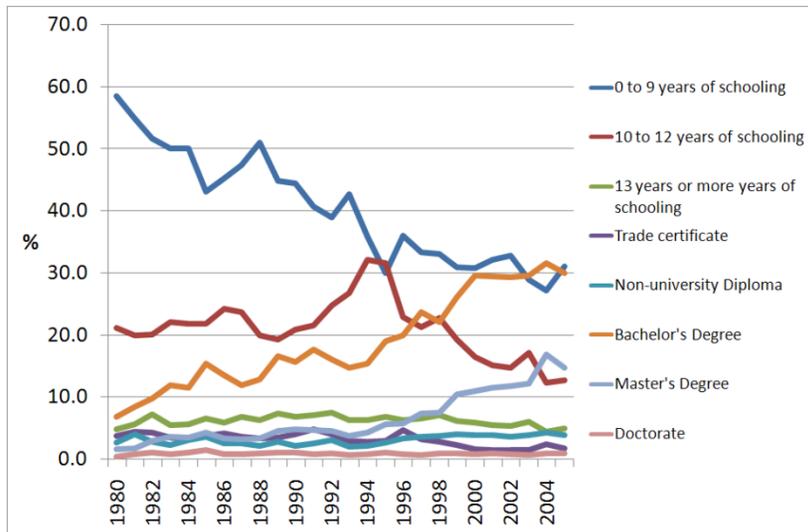
Figure 9 shows the proportions of Indian immigrants by landing class for the examined cohorts. In 1980, family class immigrants made up over 86% of all Indian immigrants (86.3%); in 2005, this proportion fell to 35.3%. Coinciding with this decline, the proportion of skilled workers grew from 12.4% in 1980 to 58.8% of all Indian immigrants in 2005.

In total, between 1980 and 2005, 10,838 business class immigrants from India settled in Canada. The business class is relatively small, however, at less than 5% of all Indian immigrants. Yet, the numbers indicate that during the same period there was considerable fluctuation in the numbers

arriving within this category. Between 1985 and 1989, 1,356 Indian business class immigrants entered Canada. This number rose sharply between 1990 and 1995 with 4,133 Indian business class immigrants arriving. However, during the 1996-2000 period, the number fell to 2,983 and, in the 2001-2003 period, 1,737 business class immigrants landed. If the 2001 to 2003 arrival numbers are any indication of the current condition, the numbers of business class migrants is rising again.

### 3.4 Educational Characteristics of Indian Immigrants

Another consequence of the shift in Canada’s immigration policy towards attracting skilled immigrants and entrepreneurs has been the increasing numbers of immigrants with advanced educational qualifications. In the early 1980s, relatively few immigrants to Canada arrived with an advanced education. In 1980, for example, more than half of all immigrants (54.5%) had less than nine years of formal schooling; 5.8% of immigrants had a bachelor’s degree, 1.2% had a master’s degree, and 0.5% had a doctorate.



**Figure 10: Educational Qualifications of Indian Immigrants**

Source: LIDS 2005

In comparison with other immigrants, in 1980, a higher percentage of Indian immigrants (58.6%) entered Canada with less than nine years of formal schooling. Also in 1980, Indian-born migrants had a slightly higher proportion of bachelor's and master's degrees (6.8% and 1.6%, respectively) compared with the all-immigrant averages. This suggests that among Indian immigrants at this time, educational qualifications were somewhat polarized, with a small but significant number of people with an advanced education and a larger group of people with the lowest qualifications recorded by the landing records.

Figure 10 shows the proportions of Indian immigrants by educational qualifications between 1980 and 2005. The graph

indicates that the proportion of highly educated Indian immigrants has grown considerably since the 1980s. Throughout the early 1990s, people with university degrees made up more than 20% of all Indian immigrants; by the 2001-2003 period, this rose to 42.2% – the figure is 35.4% for all immigrants. On the other hand, the proportion of people with little formal education has declined. During the 2001-2003 period, however, a large group (31.4%) of Indian immigrants arrived with less than nine years of education. Note that the average for all immigrants is slightly higher (33.6%). To summarize, Indian immigrants generally arrive better educated than the average immigrant.

### 3.5 Skills and Qualifications of Indian Immigrants

Although the outcome of the policy shift towards attracting skilled migrants and business persons has become the focus of considerable criticism and debate<sup>5</sup> (Iredale 2005; Ley 2003;

<sup>5</sup> Several concerns have been raised about the consequences of Canada's shift towards attracting skilled immigrants and entrepreneurs. Some have criticized the lack of recognition for immigrants' educational and professional credentials (Reitz 2005), and it has been argued that women are especially excluded from using their qualifications (Iredale 2005). Ley (2003) has shown how the focus on business class migrants has failed to create much success, as the majority of business immigrants had unprofitable enterprises, or show little interest in investing in Canada. Sweetman (2004) and Devoretz and Ma (2002) question the logic of the policy, since only small numbers of skilled migrants can use their human capital in Canada, and many eventually re-migrate to places that offer a greater chance for economic success. The policy has also been challenged for reinforcing the exclusion of refugees and other migrants not necessarily valued in economic terms, such as dependent family members (Reitz 2005).

Reitz 2005); one result has been that recent immigrants to Canada have higher qualifications and training than ever before.

Unfortunately, most respondents in the LIDS do not state their occupational status – 60.4% of all immigrants and almost 80% (78.9%) of Indian immigrants leave this question unanswered. Therefore the following graphs are based on only about 40% of total immigrants, and roughly 20% of Indian arrivals, those who reported an occupational field.<sup>6</sup>

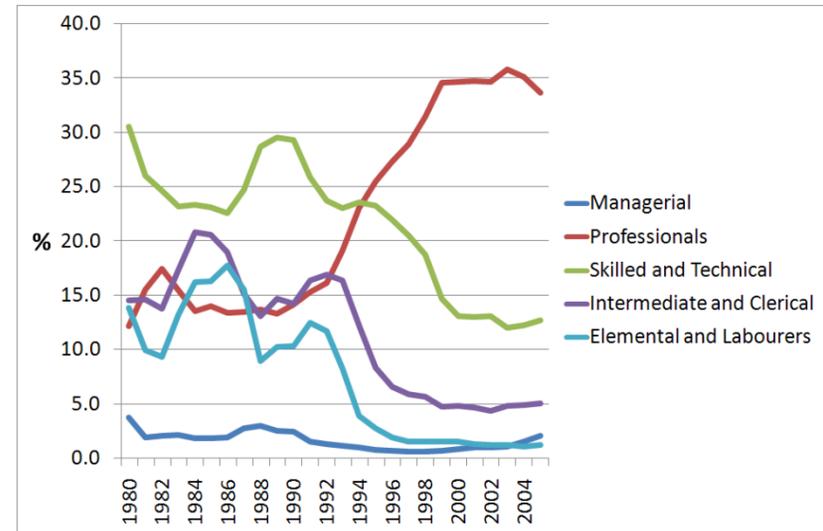
The landing records (Figure 11) indicate that since the early 1980s, there has been a decline in the numbers of unskilled manual labourers and clerical workers accepted into Canada, while at the same time, the numbers and proportions of immigrants with qualifications in professional fields have doubled. In 1980, the largest occupational group entering Canada were those in a skilled and technical field<sup>7</sup> (30.5%), followed by those in intermediate and clerical jobs<sup>8</sup> (14.5%),

<sup>6</sup> The 2-digit National Occupation Codes were combined to match the IMDB tax file database, which is used in the following sections.

<sup>7</sup> Examples of occupations included in skilled and technical occupations based on *skill level B* include Construction Inspectors, Community and Social Service Workers, Registered Nursing Assistants, and Early Childhood Educators. These occupations generally require two or three years of postsecondary education, often at a technical school.

<sup>8</sup> Clerical personnel based on *skill level C* include General Office Clerks, Data Entry Clerks, Payroll Clerks, Tellers and Financial Services, and Letter Carriers. The educational requirement for clerical jobs is defined as one to four years of secondary school education.

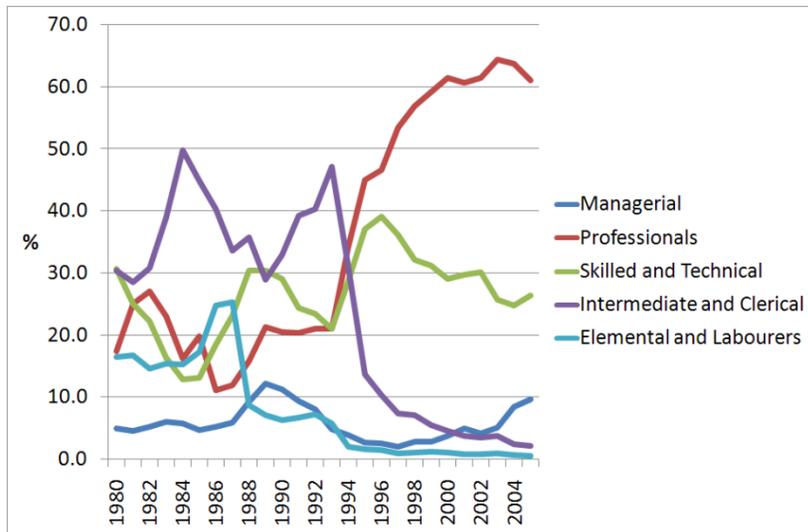
and professionals<sup>9</sup> (12.2%). By 2005, professionals became the largest group arriving, comprising 33.7% of the total population, followed by 12.8% of those seeking work in skilled and technical occupations.



**Figure 11: Occupational Classifications of All Immigrants to Canada**  
Source: LIDS 2005

Figure 11 indicates that the proportion of immigrants pursuing managerial roles has remained consistently low, while the numbers in other occupations have fluctuated greatly since 1980.

<sup>9</sup> Professionals are defined as having skills requiring a university degree (*skill level A*). Examples include Financial Auditors and Accountants, Professional Occupations in Business Services to Management, Physicists and Astronomers, Securities Agents, Investment Dealers and Traders, Lawyers, Physicians, and Registered Nurses.



**Figure 12: Occupational Classifications of Indian Immigrants by Period of Arrival**

Source: LIDS 2005

According to our analysis, since 1980 there has been a decline in the proportion of all immigrants pursuing manual labour jobs, as well as those with technical skills. On the other hand, the proportion of professionals entering Canada has grown from 12.2% in 1980 to 33.7% in 2005. This group now represents the largest occupational group of immigrants entering the country by more than 20%.

Among Indian immigrants, a similar shift has occurred, with a growing percentage of professionals entering Canada, especially since 1996. The proportion of skilled immigrants has remained fairly stable at roughly 30% throughout the cohorts, but there has been considerable decline in the levels of clerical

and unskilled manual labourers (Figure 12). By 2001-2003, clerical and unskilled labourers represented only 3.7% and 0.8%, respectively, of all Indian immigrants who reported a skill level. This is down from over 15% clerical workers and 12.9% manual labourers who came during the 1985-1989 period. In 2005, Indian professionals comprised 61.2% of their immigrant group, twice the level for all immigrants (33.7%).

### 3.6 Language Characteristics of Indian Immigrants

In 1980, almost 65% of Indian immigrants spoke neither official language (English or French); by 2003, slightly more than 40% of Indian immigrants spoke neither language, and almost 60% identified themselves as proficient in English. Figure 13 shows the proportion of Indian immigrants by their ability in the official languages throughout the cohorts.

The low percentage of Indian immigrants with French-speaking ability is clearly related to the small numbers of Indian migrants who choose to settle in Quebec.

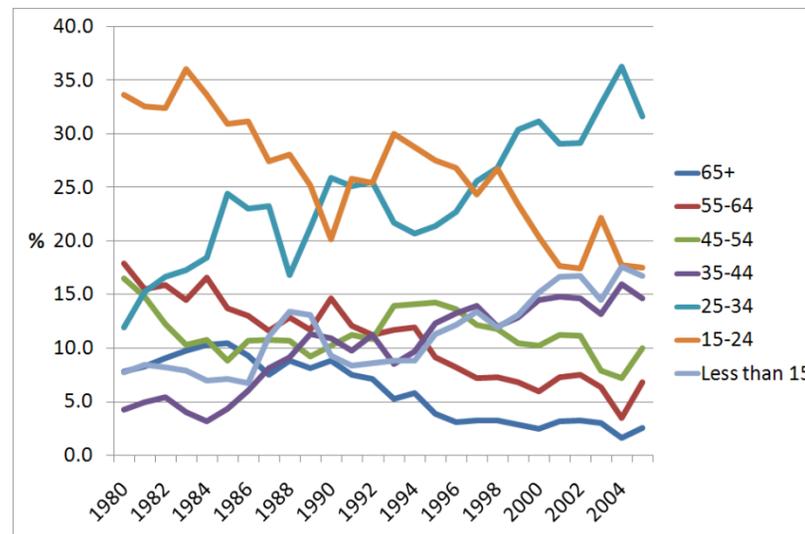


**Figure 13: Indian Immigrants and Knowledge of Official Language upon Arrival**

Source: LIDS 2005

### 3.7 Age at Immigration of Indian Immigrants

Compared to other immigrants, Indian immigrants tend to arrive at an older age, and have fewer young dependants. However, since 1980, an increasing proportion of Indian immigrants have been younger, and the proportion of seniors has declined. Figure 14 shows the changing proportions of Indian immigrants by age at immigration within the immigration cohorts.



**Figure 14: Age at Immigration of Indian Immigrants**

Source: LIDS 2005

The landing records indicate that in 1980, 23.6% of all immigrants were below the age of 15; however, only 7.8% of Indian immigrants were younger than 15. On the other hand, 7.8% of Indian immigrants were 65 years or older compared with 4.8% of the general immigrant population. By 2003, only 14.5% of Indian immigrants were younger than 15 years of age, while 21% of all immigrants were younger than 15.

Among all immigrants, the proportion of seniors has declined considerably. In 2003, only 3% of all immigrants arrived at age 65 or older. Figure 14 shows that the proportion of older Indian immigrants arriving in recent years is lower than in 1980. Overall, there is a greater proportion of Indian-born arriving

during their middle years, when they are most likely to earn more income as workers.

### 3.8 Last Place of Residence of Indian Immigrants

Although the majority of Indian-born newcomers to Canada arrive directly from their place of birth, on average over 12% of Indian-born immigrants enter Canada from another country. In 2005, for example, 3,426 Indian-born newcomers arrived in Canada after residence in a country other than India.

While a small proportion enter from Pakistan, and to a lesser extent other South Asian countries, before the mid-90s, a larger number arrived from England, which has migration linkages related to India's colonial history and Commonwealth status. Since the 1990s, however, an increasing number have entered through the Middle East, particularly the United Arab Emirates, Bahrain, Saudi Arabia, and Kuwait. The top five last places of residence besides India are shown for each cohort in

Figure 15.

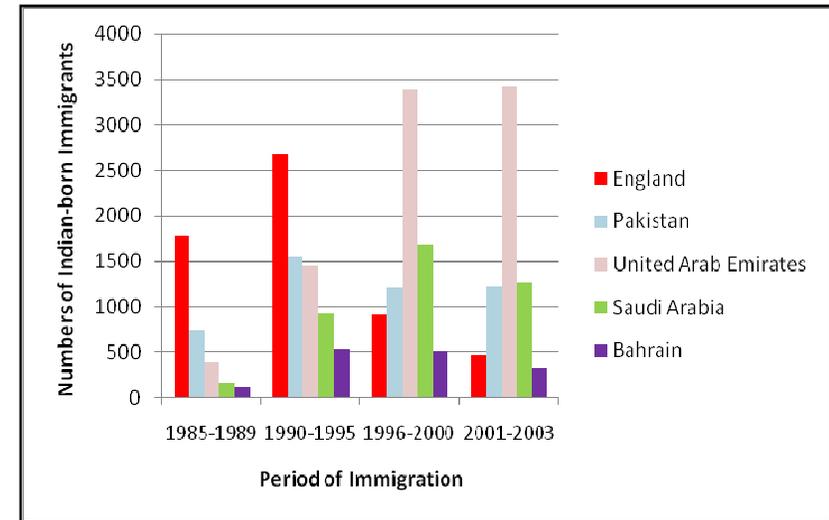


Figure 15: Indian Immigrants by Last Place of Residence

Source: LIDS 2005

The LIDS data indicates that since the 1980s, Indian immigrants to Canada have increasingly arrived with high educational characteristics, experience, and training in professional and skilled work, and greater command of English. Furthermore, Indian immigrants now arrive younger than in the recent past.

The following sections examine Indian immigrants' success in the Canadian labour market and economy. It is important to note here that the step-migration of Indian-born immigrants to Canada may have some bearings on their economic experiences in Canada.

## 4. Economic Profile of Indian-born in Canada

The following section describes the general economic situation of Indian immigrants. The analysis focuses on the disparities in income within the Indo-Canadian population and highlights the how these disparities may relate to the period of migration and immigrants' characteristics upon arrival.

### 4.1 Profile of Indian Immigrants: Poverty and Prosperity

In 2000, the City of Toronto released a socio-economic profile of the city's population that represented a watershed moment in the public's awareness of the uneven poverty and prosperity among ethno-cultural groups in Toronto. The report, known as the Ornstein Report after its lead author, indicated that among the city's non-white population, unemployment rates were higher, occupational characteristics included less skilled and high-value work and, consequently, low-income rates were substantially higher for non-white groups in the city (Ornstein 2000).

Among Indian-origin residents of the city, the report found that the unemployment rate was an astonishing 15.1%, substantially higher than the unemployment rate for the white population (8.1%). Furthermore, 28.7% of Indian-origin families lived in poverty. Again, this rate was roughly twice as high as the rate among whites (14.4%).

The report's finding of a severe economic gap was later confirmed across the country (Ayedemir and Skuterud 2006; Galabuzi 2006; Picot et al. 2007; Preston et al. 2003). Recent

national figures indicate that Indian and other non-white immigrants continue to have higher unemployment rates and earn considerably less than the national average. Also, figures calculated from the 2001 Census of Canada Public Use Microdata File indicate that 6.3% of Indian immigrants were unemployed in 2000, compared with 4.8% of Canadians in general. Furthermore, the unemployment rate among Indian immigrant women (7.2%) was higher than for Indian-born men (5.5%), with both exceeding their Canadian averages.

The proportion of Indian-born low-income earners is also significantly higher than the Canadian-born average. The 2001 PUMF indicates that while 9% of all Canadian families were living below the poverty line in 2000, among Indian-born families the gap is more than twice as large (19%). Furthermore, comparison of the poverty rate of groups of recent immigrants by source region since 1980 indicates that, according to their place of origin, immigrants may face a higher likelihood of being poor during their first five years in Canada than in the recent past (Table 2).

Overall, the figures show that the poverty rate among recent immigrants has grown substantially since 1980. However, it also indicates that while South Asian immigrants continue to face a high risk of poverty during their first years in Canada compared with other immigrant groups, their risk is substantially lower than that of other immigrants. Furthermore, the poverty rate for recent immigrants from India has declined over time.

**Table 2: Low Income Rates among Recent Immigrants**

| Source Region             | Low-Income Rate (%) |      |      |
|---------------------------|---------------------|------|------|
|                           | 1980                | 1990 | 2000 |
| All Recent Immigrants     | 24.6                | 31.3 | 35.8 |
| Western Europe            | 23.9                | 17.9 | 18.4 |
| Eastern Europe            | 22.3                | 31.8 | 27.4 |
| Caribbean                 | 38.3                | 40.0 | 37.5 |
| South and Central America | 30.6                | 40.6 | 29.9 |
| West Asia and Middle East | 34.0                | 48.0 | 51.7 |
| Africa                    | 20.7                | 34.9 | 45.8 |
| South Asia                | 35.3                | 33.8 | 23.0 |
| Southeast Asia            | 35.3                | 33.8 | 23.0 |
| East Asia                 | 26.8                | 28.0 | 45.1 |

Reproduced from Picot and Hou, 2003:24

Such information is useful for comparing and contrasting the experiences of recent immigrants with those of previous waves of immigration. However, research focused on poverty rates and average incomes also tends to obscure the experiences of more affluent immigrants. These reports never answer, for example, the question of how high-income immigrants compare with their native-born counterparts. This is a serious omission since, from a cursory glance at Canada's wealthiest people, it is apparent that immigrants (such as Mihalis Lazaridis, born in Turkey to Greek parents, the Jamaican-born

Michael Lee-Chin or Indo-Canadian entrepreneurs such as Steve Gupta, Manjit and Ravinder Minhas, Aditya Jha, Hari Pandey, Davinder Bains-Gill, Amar S. Doman, Kulwinder Sanghera, and Bob Singh Dhillon) number among the most affluent in Canadian society. Yet, the exact number and proportion of these immigrants is rarely acknowledged. The remaining sections of this report address this omission.

This analysis draws heavily on customized tabulations of IMDB tax file data. The IMDB database links income information with the landing records of immigrants. The dataset was specially tabulated into income classes to allow for the examination of high-income immigrants, as well as other income groups based on the four cohorts of landed immigrants discussed above. The remaining discussion seeks to identify the relationship between immigrant characteristics and income.

According to the Census 2001 data on personal income, it is also apparent that the proportion of high-income immigrants is about half the Canadian-born average<sup>10</sup> (Table 3).

**Table 3: Proportions of High Income Canadians**

|                       | All Canadians | All Immigrants | Indian Immigrants | Chinese Immigrants |
|-----------------------|---------------|----------------|-------------------|--------------------|
| \$75,000 to \$250,000 | 6             | 3.3            | 2.7               | 2.5                |

Source: Census 2001 PUMF

<sup>10</sup> Murphy et al (2007) provides nationwide graphs for this year, which is used as a baseline for comparison.

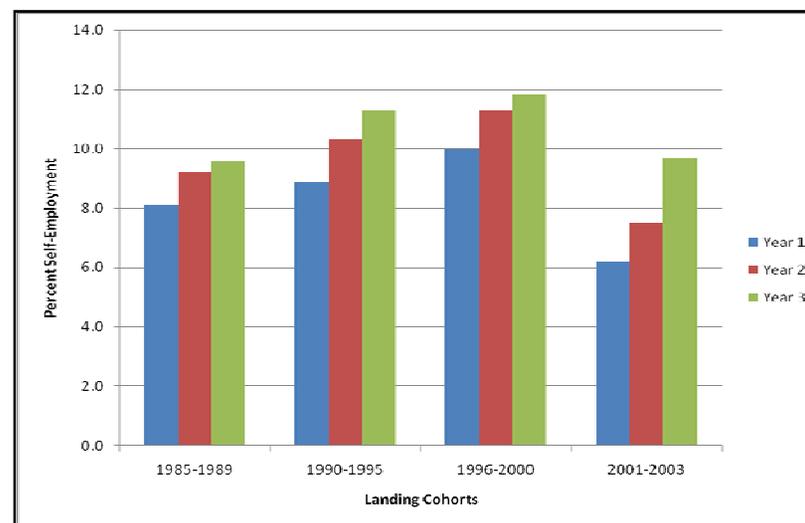
It is important to note that the immigrant and Indian-born graphs are drawn from a slightly higher threshold of \$80,000-\$250,000 which would mean that the gap is likely smaller. However because of the lack of nation wide data beginning at \$80,000, this is the best available comparison. While the percentages indicate that high-income immigrants represent a small proportion of their respective groups, in raw numbers estimated by the weighted microdata sample, there were 37,800 immigrants who arrived between 1985 and 2000 in 2004 among the affluent population, 3,290 of whom were high-income Indian immigrants.

## 4.2 Employment and Self-Employment Characteristics

Recent research on entrepreneurship in Canada indicates that until recently, self-employment rates have been rising (Kuhn and Schuetze 2001). This trend has been attributed to both “push” factors (e.g., lack of jobs) and “pull” factors (e.g., personal benefits of self-management).

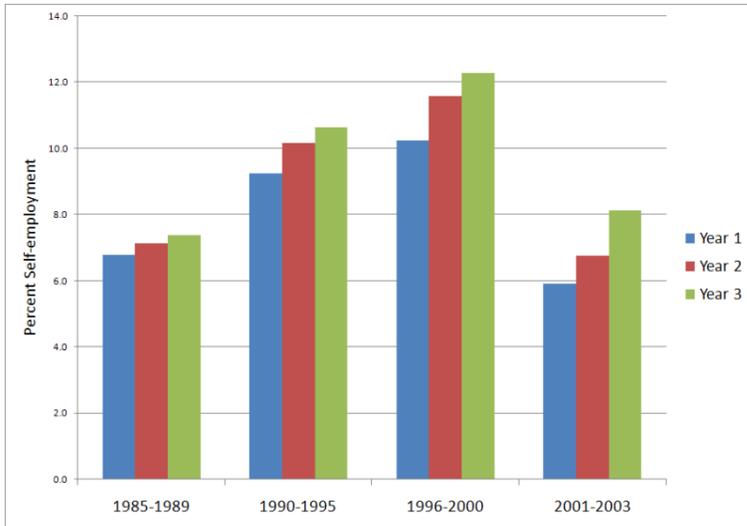
In particular, studies have stressed that the rise in self-employment has coincided with intermittent declines in labour market alternatives and dwindling wages (Moore and Mueller 2002). These are two aspects of a problem that is especially acute for immigrants (Li 2001). Schuetze (2005) adds that self-employment rates have risen among immigrants because of Canadian’s recent focus on attracting investors and entrepreneurs.

Frenette’s (2002) study of self-employment trends among recent immigrants illustrates that self-employment rates between 1986 and 1996 have risen for many, but not all, recent immigrant groups. Comparison of the census figures used by Frenette and the tax file data indicates that reports on self-employment are inconsistent and likely inaccurate. In particular, the tax file data produces self-employment rates higher than those found in the Census. It is possible, however, that the difference is due to the fact that Frenette examines South Asians rather than Indian immigrants.



**Figure 16: Self-employment Rates of Indian Immigrants in First Three Tax Years**

Source: IMDB Tax File Data



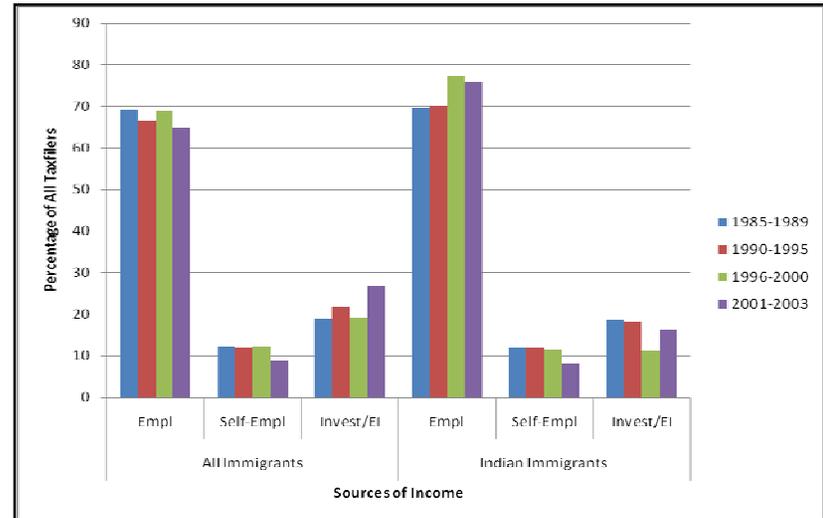
**Figure 17: Self-employment Rates of Chinese Immigrants in First Three Tax Years**

Source: IMDB Tax File Data

Figures 16 and 17 reveal the uneven proportions and trends in self-employment among immigrant groups. The rate among South Asian immigrants nearly doubled in the 10 years following 1986, but remains lower than that for other immigrant groups, and well below the nearly 45% self-employment rate among East Asians.

More specific to Indian immigrants, the IMDB tax file data indicates that since 1985, each cohort of Indian immigrants has been successively more entrepreneurial, with the exception of the group that arrived between 2000 and 2003 (Figure 19).

For each cohort, the rate of self-employment among Indian immigrants is roughly the same as that of all immigrants entering during the same period.



**Figure 18: Source of Income of Indian Immigrants by Period of Arrival**  
Source: IMDB Tax File

Since 1996, a higher proportion of the earnings of arriving Indian immigrants have come from employment compared with that for all immigrants during the same period and with previous cohorts of Indian immigrants (Figure 18). Subsequently, self-employment rates among these later cohorts are lower than before. As the graph indicates, when controlled for period immigration, the self-employment rate among Indian immigrants is roughly equivalent to the average rate for immigrants.

**Table 4: Income Classes of Self-Employed Immigrants by Landing Cohorts**

|                    | 1985-1989 |             | 1990-1995 |             | 1996-2000 |             | 2001-2003 |             |
|--------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
|                    | All Imm.  | Indian-born |
| Less than \$5,000  | 50.4      | 47.1        | 48.5      | 40.4        | 50.8      | 43.8        | 54.3      | 54.1        |
| \$5,000-\$14,999   | 29.6      | 34.8        | 31.8      | 37          | 30.5      | 31.8        | 30.5      | 29.1        |
| \$15,000-\$29,999  | 12.6      | 12          | 13.3      | 16.3        | 13.1      | 16.9        | 11.2      | 12.3        |
| \$30,000-\$49,999  | 4.2       | 3.5         | 4         | 4.6         | 3.8       | 5.7         | 2.8       | 3.7         |
| \$50,000-\$79,999  | 1.8       | 1.3         | 1.5       | 1.1         | 1.3       | 1.3         | 0.8       | 0.7         |
| \$80,000-\$250,000 | 1.5       | 1.3         | 0.9       | 0.6         | 0.6       | 0.5         | 0.4       | 0.2         |

Source: IMDB Tax File

Further evidence from the IMDB indicates that across all of the landing cohorts examined, the incomes reported during tax filing were remarkably low (Table 4). According to the tax file information, over 70% of all immigrants reported incomes of less than \$15,000, with as many as 50% reporting incomes of less than \$5,000. These incomes would be considered below the poverty line, as calculated for individuals throughout the examined period. Unfortunately, there is no way of knowing whether people reporting low self-employment incomes also earn income from employment in the labour market, because these figures are not mutually exclusive.

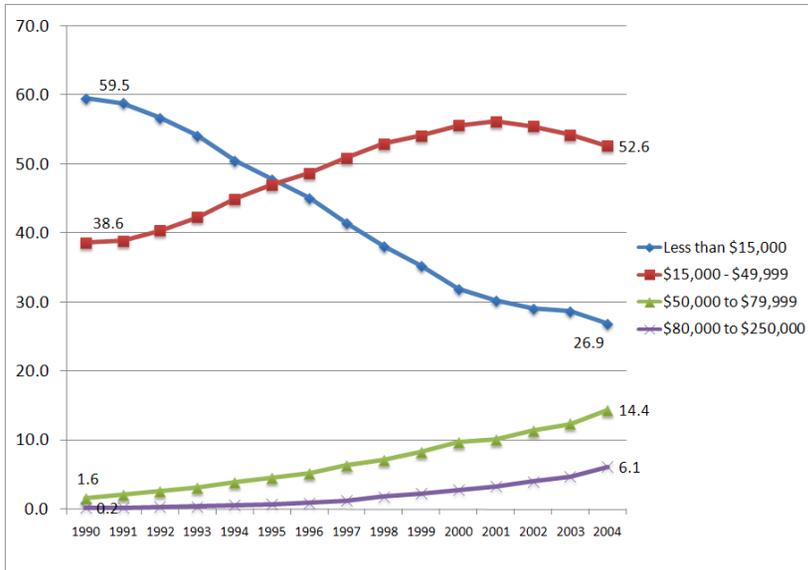
The reasons for the low incomes found among self-employed immigrants have been the focus of some discussion elsewhere (Ley 2003; Schuetze 2002). Schuetze (2002) suggests that self-employment incomes generally appear lower than they actually are, as the “self-employed are often able to conceal income

from tax authorities because there is no third party reporting income” – in the case of employed workers, this function is performed by the employer (Schuetze 2002: 220). Seeking to explain the high proportion of loss-making businesses among Chinese entrepreneurs recruited through Canada’s business class immigration program, Ley (2003) comes to similar conclusions, and adds the insight that some of the losses may be the outcome of real losses as immigrant entrepreneurs struggle in new market conditions.

Frenette (2002) has compared the earnings of successive cohorts of immigrants in order to find out whether the incomes of self-employed immigrants have worsened over time, as have those of immigrants in paid employment. While he acknowledges that self-employed immigrants – according to their records – appear to earn less than paid workers, he finds that their earnings have been relatively immune to the downward trend in incomes of recent immigrants. This finding suggests that while the proportions of lower-income immigrants seem to have remained stable, the levels of self-employed immigrants earning higher incomes appear to have fallen over time.

### 4.3 Income Trends of Indian Immigrants

The following overview of income distributions does not include self-employment, only employment income, because of the unreliability of self-employment figures. The analysis indicates that the majority of Indian-born workers in Canada earn low incomes. In each cohort, over 70% reported incomes below \$29,999 dollars per year on average since arrival.



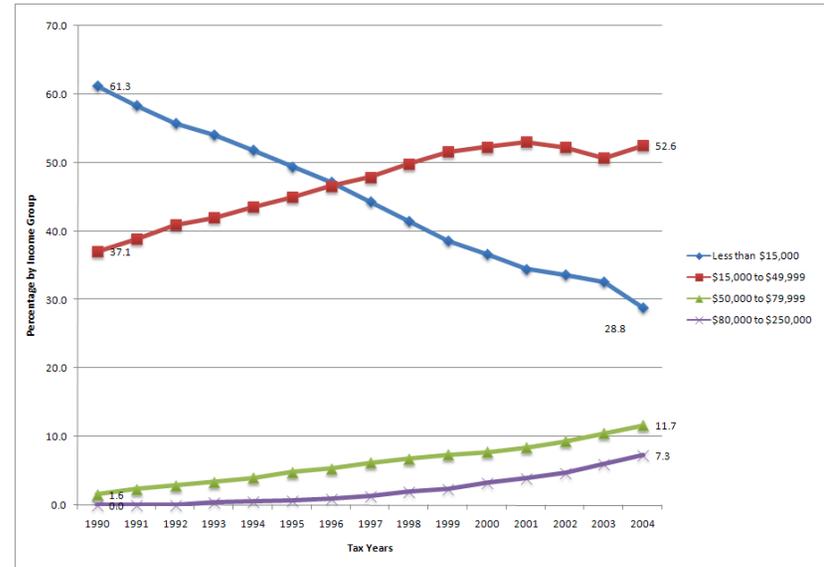
**Figure 19: Employment Income Trends Among Indian Immigrants Arriving 1985-1989**

Source: IMDB Tax File Data

The experience of Indian immigrants arriving between 1985 and 1989 illustrates the relatively steady growth in prosperity as their period of stay in Canada increases<sup>11</sup> (Figure 19). In

<sup>11</sup> The following figures are not controlled for inflation; however, inflation rates during the tax years under examination (1990-2004) are very low, usually less than 3%. Therefore, little variation is expected among the income distributions over time. Also, it is worthwhile noting that in 1993, the Canadian Council on Social Development defined its individual poverty line as an income below \$16,482, based on the cost of living in larger urban areas. Therefore, the definition of low-income in this study, \$15,000 or below represents a very low income, even before calculating for inflation (Lee 2000).

1990, a year after the final portion of the 1985-1989 group had settled in Canada, the group had extremely high rates of low income – nearly 60% of the group filed taxes with incomes below \$15,000 dollars (less than the Low Income Cut-off graph for urban residents at the time). Only a very small proportion of the cohort reported higher incomes, while about 40% earned between \$15,000 and \$49,999.



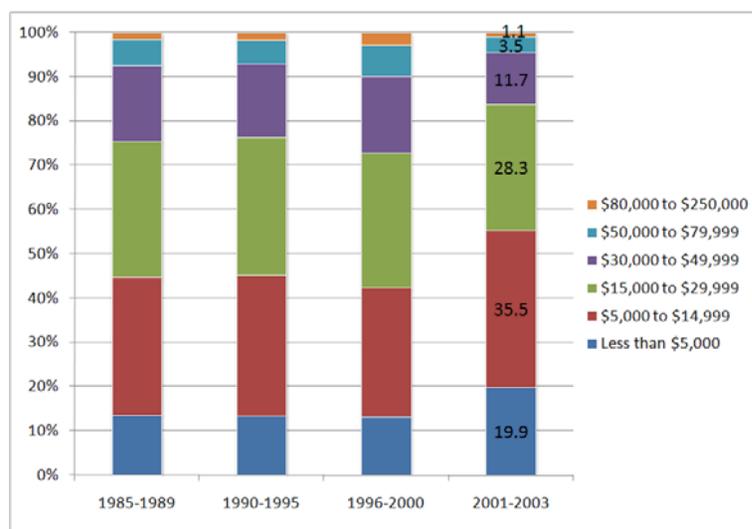
**Figure 20: Employment Income Trends Among Chinese Immigrants, 1985-1989**

Source: IMDB Tax File Data

Figure 20 shows that, like their Indian counterparts, the majority of Chinese immigrants were earning less than \$15,000 annually a year or so after their arrival. As with Indians, the poverty rate decreases as Chinese immigrants spend more time in Canada and many had incomes rise of between \$15,000 and

\$50,000. However, over time the Chinese do slightly better than their Indian counterparts, with a slightly higher proportion earning more than \$80,000.

A comparison of both groups indicates that high-income Chinese immigrants do better than their Indian peers if measured by the growth in this group. Those who earn between \$50,000 and \$79,000 have done slightly better than their Chinese counterparts. Yet, for both groups, it is telling that it takes more than 10 years for the most affluent to converge with the Canadian high income rate.

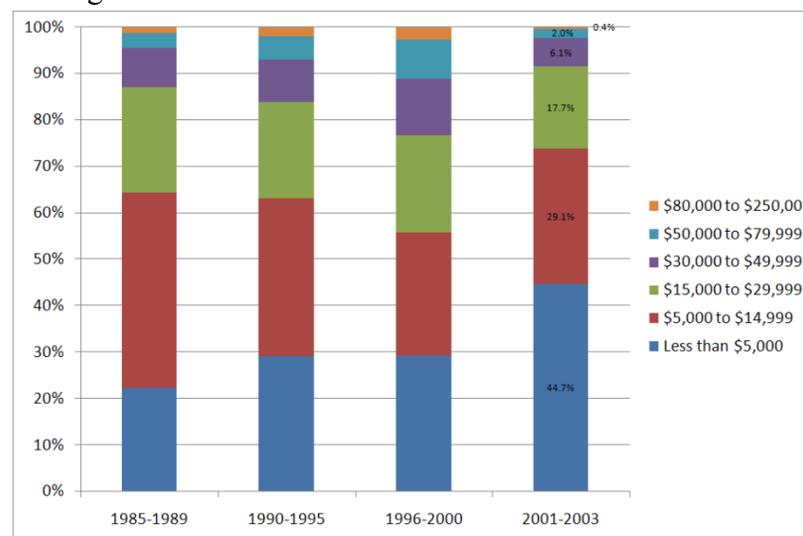


**Figure 21: Employment Income Composition of Indian Immigrants by Landing Cohorts**

Source: IMDB Tax File Data

Within six years, about half of the 1985-1989 cohort reported low incomes – a decline of 10%; by 2001, the numbers

dropped below 30% of the group. During this period, the proportion of higher-income groups among Indian immigrants grew to almost 15%, with more than 6% reporting incomes above \$80,000. At the same time that low incomes were in decline, the second-lowest income group grew. Since the numbers of higher-income earners were also growing, it is likely that growth among the second-lowest income group was the result of marginal increases among low-income earners rather than declining incomes among high-income earners. Figure 21 shows the income composition of each Indian landing cohort.



**Figure 22: Income Composition of Chinese Immigrants by Landing Cohorts**

Source: IMDB Tax File Data

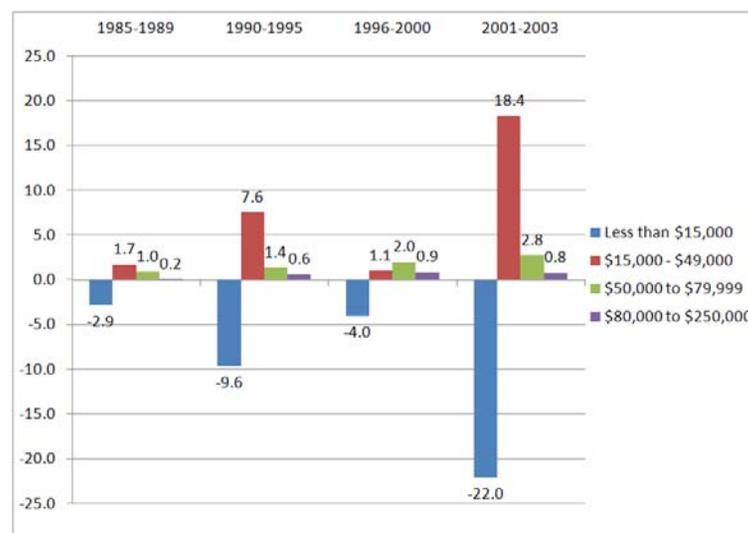
Figure 22 shows the income groups of successive waves of Chinese immigrants. The tax file data indicates that throughout

the same period, Chinese immigrants have experienced higher rates of poverty compared with Indian immigrants. For example, more than 60% of the Chinese immigrants who arrived between 1985 and 1989 earned incomes of less than \$15,000 per year; this is substantially higher than the rate for Indian immigrants. Furthermore, more than 70% of Chinese immigrants who entered after 2001 earned this very low individual income, whereas the rate for Indian immigrants, although also high, was a little less (50%). Therefore, the proportion of Chinese immigrants who earn “middle incomes” – that is, between \$15,000 and \$50,000 is much smaller than for Indian immigrants.

Each landing cohort includes different numbers of tax years – there are 16 for the group that arrived between 1985 and 1989 and only 3 for the group that arrived between 2001 and 2003. Therefore, in order to compare changes in the income distribution of each cohort of Indian immigrants over time, the data was controlled for the first three tax years after the arrival of the cohort. This means that, at the most, some members of each cohort would have been in Canada for seven years when the “first” tax year was reported. This control provides insights on the differing rates through which income changes have occurred among the cohorts during their relatively recent immigrant period. Figures 23 and 24 show the early changes in income for the four examined cohorts.

Figure 23 indicates that during Indian immigrants’ first years in Canada, they have significant income mobility. In particular, there is a decline in the proportion of low-income individuals

(those earning less than \$15,000). The largest declines are found among the 1990-1995 and 2001-2003 cohorts. The nearly equivalent rise in the second-lowest income group (\$15,000-\$49,000) – followed by the simultaneous rise in the proportion with higher incomes – suggests that most of the upwardly mobile lowest-income group are ending up in the second-lowest income group.

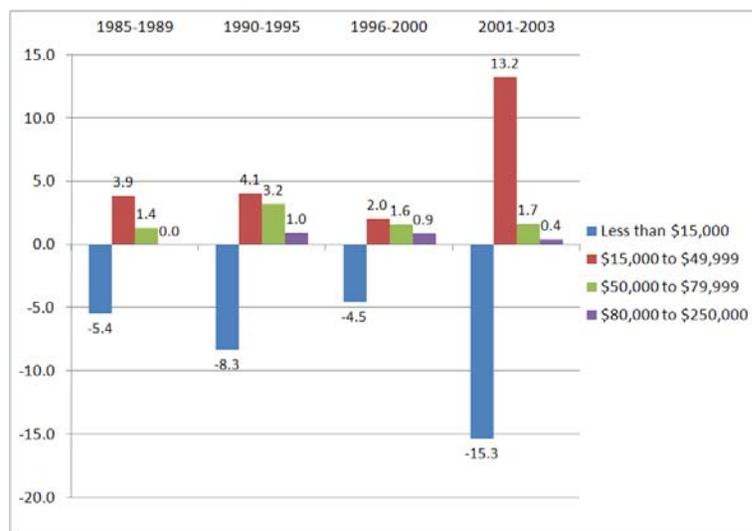


**Figure 23: Change in Income Distribution of Indian Immigrants after First Three Tax Years**

Source: IMDB Tax File Data

The 1996-2000 cohort actually experienced a higher rate of growth in the second-highest income category (\$50,000-\$79,999) than in the lower categories, which indicates that low-income earners may have “leaped over” the next rank of income within three years of entry. This finding, along with the remarkably rapid reduction in the rate of the lowest income

group in 2001-2003, suggests the need to probe further the relationship between specific immigrant characteristics and income.



**Figure 24: Change in Income Distribution of Chinese Immigrants after First Three Tax Years**

Source: IMDB Tax File Data

Figure 24 compares Chinese immigrants with Indian immigrants in terms of their initial income trajectory in Canada. Although the upward income mobility of the most recent cohort of Chinese immigrants is higher than previous cohorts – also a feature of the Indian immigrant experience – the rate of increase for the income groups after three years in Canada is not as quick as for Indo-Canadians.

A report by Statistics Canada (2005) that used the Longitudinal Survey of Immigrants to Canada confirms that the vast majority of immigrants who arrived in Canada in 2001

performed well in the Canadian economy. About 80% found employment in the first two years of their stay in Canada. Of those who found employment, 42% obtained a job in their intended occupation. This fact could be partly attributed to the well-performing Canadian economy at that time and, of course, to the skills and other attributes that immigrants brought with them, which were in demand.

The preceding discussion suggests that Indian immigrants experience a general trend in upward mobility over time. However, this upward mobility plateaus as they reach the income category of \$15,000-\$49,000, suggesting a “glass ceiling” effect. Despite the difficulties faced by many Indian immigrants, the data highlights that the number of affluent Indian immigrants has been growing, although they are still a small minority. Self-employment is clearly one path to affluence – although the data to support this finding is not wholly reliable. More important, however, it is clear that Indian immigrants achieve high incomes through the labour market, as professional and skilled workers.

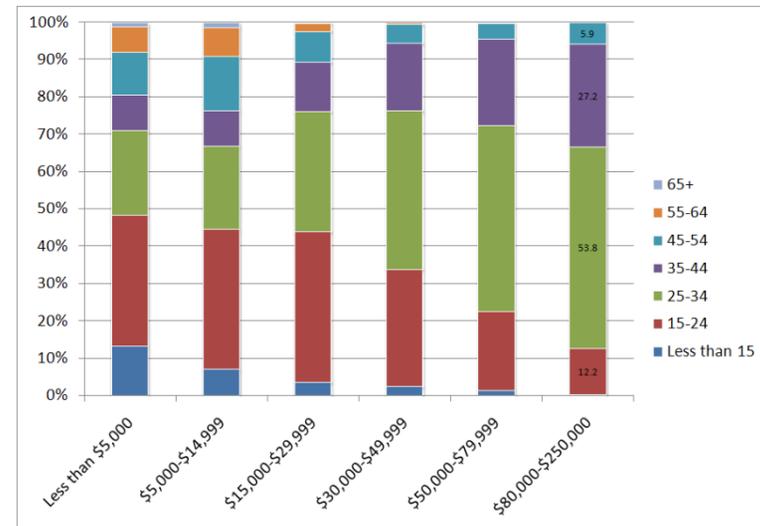
## 5. Experiences of Indian Immigrant Sub-Groups: Income versus characteristics of Indian immigrants

This section examines the income distribution of Indian immigrants according to various characteristics, including age at immigration, highest level of education attained before landing, ability in an official Canadian language, and skills.

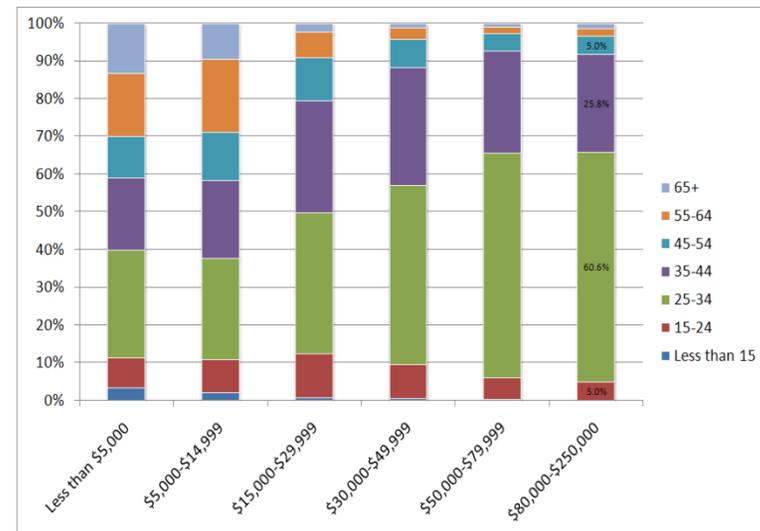
## 5.1 Age at Immigration

The age at which immigrants enter Canada is considered one of the key factors influencing social mobility and economic prospects. According to Schaafsma and Sweetman (2001), immigrants who arrive at a young age have economic outcomes similar to, or better, than the Canadian-born, and the older an immigrant arrives, the lower the economic returns to foreign experience. Figure 23 indicates the distribution of age groups across the income scale for Indian immigrants.

The graph indicates that for Indian immigrants who arrived between 1985 and 2003, entering Canada at a young age does seem to improve one's income. The lowest-income groups, for example, include significant proportions of people who immigrated in middle age or older, while among the highest earning groups, immigrants arriving before age 34 comprise nearly 66% of the high-income class (Figure 25). It is understandable that senior and middle-aged immigrants may find it a little challenging in settling down in a new country.



**Figure 25: Age at Immigration and Incomes of Indian Immigrants**  
Source: IMDB Tax File Data



**Figure 26: Age at Immigration and Incomes of Chinese Immigrants**  
Source: IMDB Tax File Data

The finding that Indian immigrants with higher incomes are likely to have arrived in Canada at a younger age than those with lower incomes is also found among the Chinese diaspora in Canada (Figure 26). As with Indo-Canadians, more than 60% of high-income earners had arrived in Canada at or before age 34, and over 40% of the lowest-income earners had arrived after the age of 45. One slight difference between the two ethnic groups is that in the high-income category, there are nonetheless some Chinese immigrants who arrived after 55 years of age (3.3%). In the Indian group, the numbers of older and senior members in the highest income categories were so small that the data were suppressed by Statistics Canada.

## 5.2 Education and Employment Incomes of Indian Immigrants

Schaafsma and Sweetman (2001) have found that foreign work experience offers few returns in the Canadian labour market, and that education obtained outside Canada has a lower return than that obtained domestically.

For Indian immigrants arriving between 1985 and 2003, the level of education can be seen as a key determinant of employment income. Indian immigrants with less than 12 years of schooling (the equivalent of less than a high-school education) comprise more than 60% of the lowest employment income classes, while among the higher income groups, people with university-level qualifications dominate. Almost 80% of Indian immigrants with high incomes (that is, individuals earning more than \$80,000 per year) have a bachelor's degree, a master's degree, or a doctorate (Figure 27).

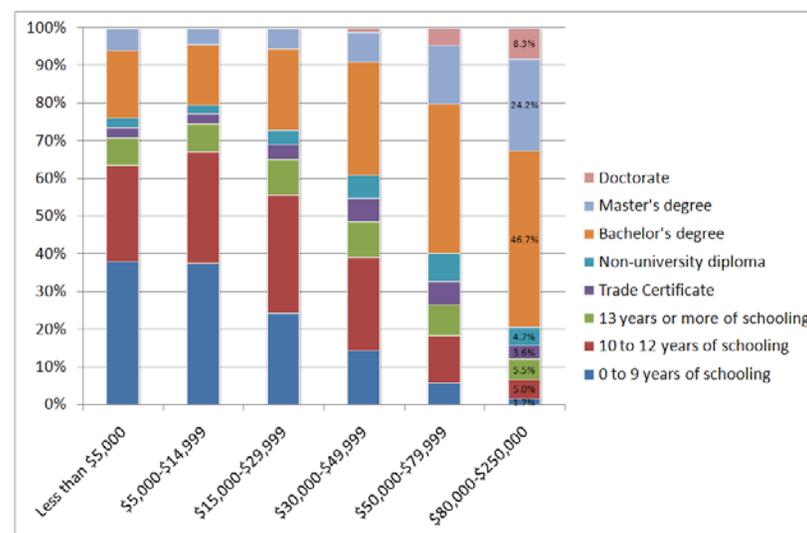


Figure 27: Level of Education Upon Entry and Income of Indian Immigrants

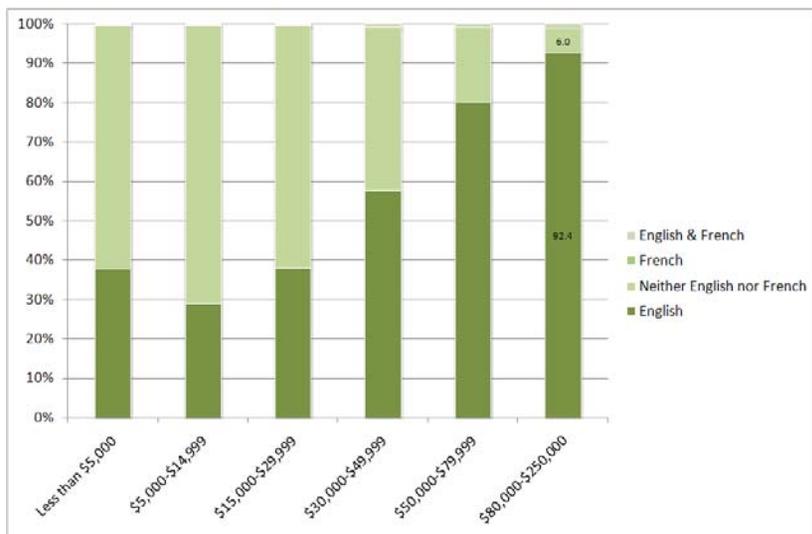
Source: IMDB Tax Files

## 5.3 Language and Employment Incomes of Indian Immigrants

Aydemir and Skuterud (2004) argue that immigrants' declining proficiency in Canada's official languages upon entry is part of the reason for the declining earnings of immigrants since the 1960s, and especially through the 1990s. In their words,

roughly one-third of the long-term decline in the entry earnings of Canadian immigrant men and women can be explained by compositional shifts in language abilities and region of birth. Of particular importance is the shift away from Europeans with an English mother tongue

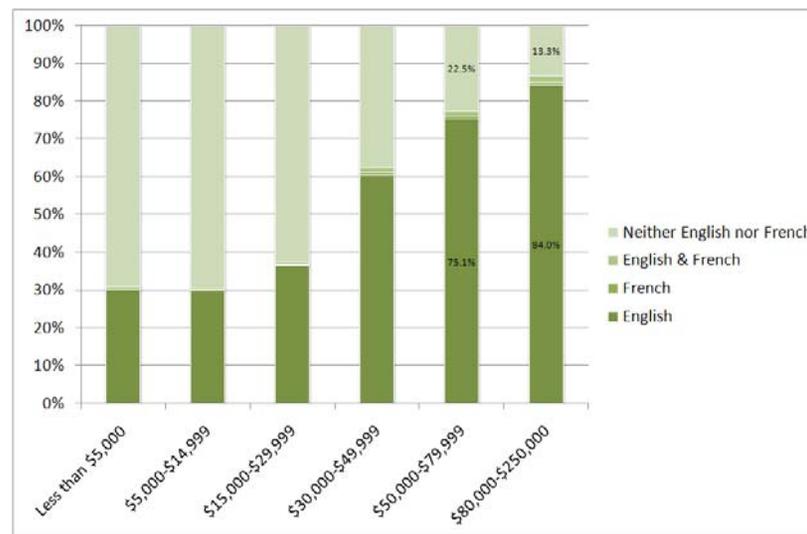
(essentially Great Britain) to immigrants from Asia with a foreign mother tongue. (Aydemir and Skuterud, 2004: 656)



**Figure 28: Language Proficiency of Indian Immigrants and Employment Income**  
Source: IMDB Tax File Data

Figure 28 shows the employment earnings of Indian immigrants based on their self-identified proficiency in the official languages on arrival. As expected by the high rates of Indian settlement in English-speaking areas of the country – particularly Toronto and Vancouver – very few Indian Immigrants are fluent in French or in both official languages. The graph indicates that language proficiency is a significant determinant of placement in employment income brackets for Indian immigrants, with the majority of the lower-income

groups comprising people who entered the country without proficiency in either official language. Although language proficiency at entry would likely change over time with exposure to English, it is apparent that people arriving with English-speaking ability have greater chances for attaining higher employment income. That said, a significant proportion of lower-income earners entered with English-speaking ability. It is worth recalling that more recent cohorts of Indian immigrants have arrived with stronger ability in English than ever before.



**Figure 29: Language Proficiency of Chinese Immigrants and Employment Income**  
Source: IMDB Tax File Data

The same general finding (i.e., that immigrants with ability in English have higher earnings) is found among Chinese immigrants (Figure 29). However, our analysis also reveals that

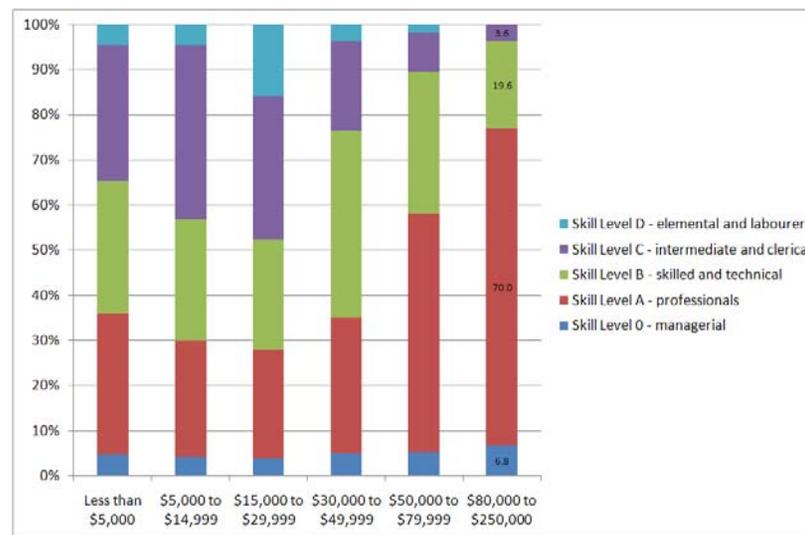
a sizeable number of Chinese immigrants who speak neither official language upon arrival are nonetheless able to become affluent. In fact, more than 13% of the Chinese immigrant high-income group (13.3%) arrived with no ability in English or French. This is a markedly higher proportion than for Indian immigrants, among whom 6% of the high-income earners arrived in Canada with no ability either official language.

#### 5.4 Skill Levels and Employment Incomes of Indian-born

The recognition of foreign credentials has become one of the most prominent immigration issues in recent years. Canadian officials have been heavily criticized for the barriers immigrants face in attempting to use their educational and career qualifications from abroad and, in response, officials have implemented retraining and “fast-track” accreditation programs. Despite these efforts, underemployment remains a widespread experience among immigrants. According to Aydemir and Skuterud (2004:651), there is “strong evidence that skills obtained through work abroad are valued less by Canadian employers than skills obtained through Canadian work experience.” They find that when controlled across a single immigrant cohort, each year of Canadian experience is valued significantly more highly than a year of foreign experience.

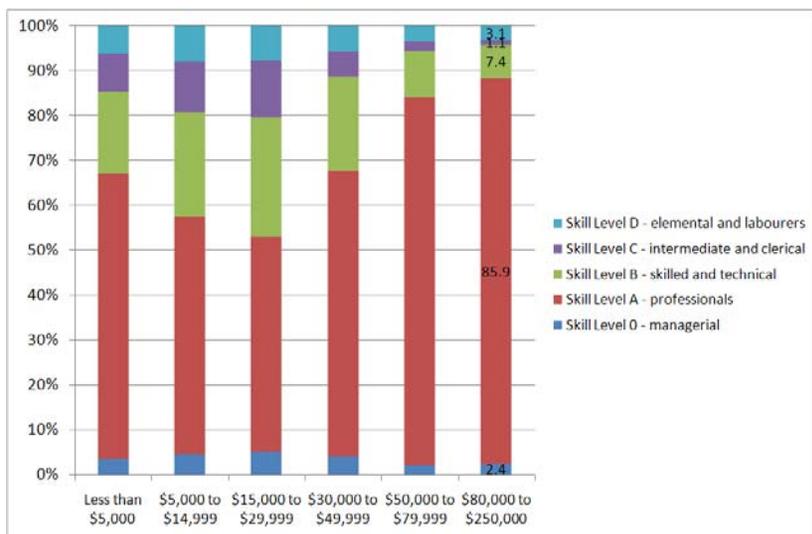
Indian immigrants are increasingly arriving with higher skill qualifications than average immigrants. Figure 30 shows the composition of income groups of Indian immigrants according to their identified skill categories upon entry to Canada.

Figure 30 indicates that across the income spectrum, Indian immigrants arrive with both basic and advanced skill qualifications, with the exception of clerical skills and unskilled workers, who are less likely to be in the highest income bracket. It also indicates that while those entering with expertise in managerial, professional, and skilled and technical occupations dominate the higher income brackets, they are also found among the lower income classes. This finding suggests that qualifications alone are not a sufficient determinant of employment income, and that many people trained and experienced in highly skilled – and high-income occupations – are unable to translate their qualifications into higher incomes in Canada. Clearly, other factors, in addition to educational and skills credentials, influence immigrants’ income.



**Figure 30: Skill Level of Indian Immigrants and Employment Income**  
Source: IMDB Tax File Data

Not surprisingly, the median income of professionals and managers in 2001 was between \$43,000 and about \$65,000, with a huge variation between the incomes of men and women. Other occupations reported much lower median incomes.



**Figure 31: Skill Level of Chinese Immigrants and Employment Income**  
Source: IMDB Tax File Data

While Figure 31 indicates that there are more professionals among the Chinese affluent, it also shows that some high-income Chinese arrive with few or no employment skills, unlike affluent Indian immigrants.

**Error! Reference source not found.** shows percentages of Indian immigrants across selected industries. Location quotients were calculated using the average Canadian graphs as a base in order to identify how the Indian immigrant population compares with the overall Canadian division of labour. High rates (>1.5)

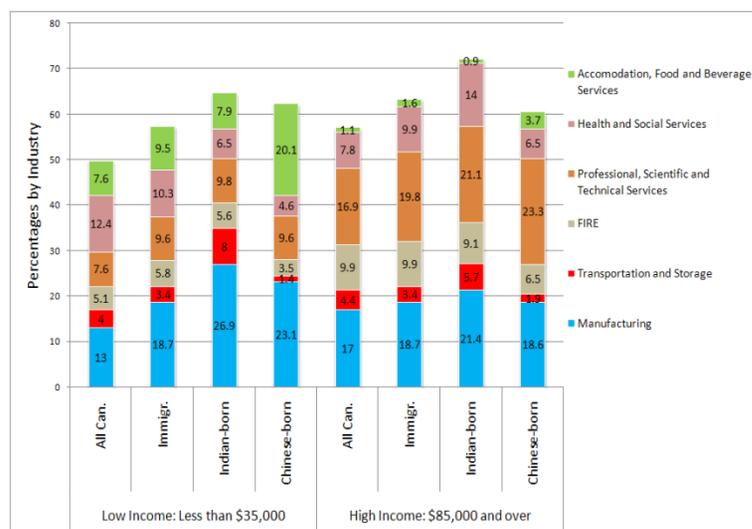
indicate an over-representation of Indian immigrants in industry by 50%. Rates lower than 1 indicate under-representation. A score of “1” means that the Indian immigrant group reflects the Canadian average.

It is evident from the table that Indian immigrants tend to gravitate towards sectors such as manufacturing, wholesale trade, transportation, finance and insurance, and waste management. Indian immigrants are also over-represented in professional fields, science, and technical services.

Chinese immigrants, on the other hand, are over-represented in accommodation and food (five times the Canadian average), professional/scientific and technical fields (two times) and management (three times). Information and cultural industries and finance and insurance are other areas in which many Chinese immigrants have found employment. Chinese women are largely employed in manufacturing – 2.6 times the Canadian average.

The table also indicates that while very few Indian immigrants manage companies, the proportion of Indian-born and Chinese immigrant males in this position is twice and three times the national figure, respectively. Further research is needed to confirm whether this finding is the result of higher rates of self-employment among Indian and Chinese immigrant males – and therefore indicates a larger proportion of males heading their own companies – or whether Indian-born or Chinese immigrant males have been successful in attaining management roles outside the ethnic economy.

Figure 32 shows the income breakdown for selected groups by major industry, based on the 2001 Census microdata. According to the PUMF, high-income Indian immigrants are concentrated in professional, scientific and technical services, manufacturing, and the health and social services sectors. This pattern is similar to that of Chinese immigrants, although the proportion of high-income earners working in health and social services is much higher for Indian immigrants.



**Figure 32: Low and High Incomes of Indian and Chinese Immigrants by Industry**

Source: Census of Canada 2001 PUMF

Among lower-income earners, more than a quarter of Indian immigrants are working in manufacturing, followed by the professions. Again, these figures are similar to those for Chinese immigrants, except that accommodation and food

industries are an important sector of employment for Chinese immigrant low-income earners.

This analysis indicates that arriving at an early age improves one's chances to improve one's income and rise out of poverty. Similarly, arriving with high educational credentials improves the life chances of immigrants, although many with high educational qualifications remain in low income jobs.

## 6. Profile of High-Income Indian-Born Immigrants in Canada

This section examines the characteristics of affluent Indian immigrants and seeks to identify key determinants of their success. We continue to compare the Indian immigrant experience with that of Chinese immigrants and find that both groups have achieved similar patterns of success, despite taking markedly different paths.

### 6.1 Portrait of High-Income Indian Immigrants in Canada

Although researchers have amassed a considerable body of research on immigrants' experiences of poverty and social exclusion, almost no work has been done on affluent immigrants. Gozalie (2002) has evaluated immigrant groups with average earnings that surpass their better-skilled and educated peers, but the focus remains on the general experience of these national groups rather than on those of affluent

immigrants<sup>12</sup> – that is, people with incomes above \$80,000 per year. Nevertheless, Gozalie’s study is insightful because it pointed out that European immigrants arriving with lower qualifications do better than non-white immigrants. This information provides further motivation towards a focused examination of racial discrimination and labour market segmentation in Canada (see also Preston and Murnaghan 2005).

Despite the lack of research on affluent immigrants, there is a small number of studies on high-income Canadians in general (Murphy et al. 1994; Murphy et al. 2007; Rashid 1994; Saez and Veall 2003). These reports cover a range of topics, including trends in the proportions of affluent households, their tax burden relative to that of other income groups, and their presence as a measure of income inequality. Most recently, Murphy et al. (2007) examined the 2004 tax records of Canadians to develop a profile of the highest income groups.<sup>13</sup>

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<sup>12</sup> Similarly, Pivnenko and DeVoretz (2003) examine average earnings and incomes of Ukrainian immigrants who do better than members of other national groups (primarily non-European) who arrive with higher educational and career qualifications.

<sup>13</sup> Murphy et al. (2007) separate the high-income category into groups that have income within the top 5% of all reported incomes. This includes the top 5%, the top 1%, the top 0.1%, and the top 0.01% of incomes. As discussed earlier, their baseline definition of “high income” for an individual – that is, having an income within the top 5% – was calculated at \$89,000 based on 2004 values. Because of the data limits of the IMDB, an

According to Murphy et al. (2007), high-income Canadians are overwhelmingly male (over 75%) and middle aged or over 65 (Table 6). For example, 54.1% of people with incomes in the top 5% are between 45 and 64 years of age, followed by 35.2% of people between 25 and 44. In the top 1%, over 22% of the extreme wealthy are 65 or older.

The largest proportion of high-income Canadians live in Ontario (50.4%), followed by Alberta (18.7%), Quebec (13.2%) and British Columbia (12.5%). Unlike the “bottom 95%” of incomes, people with high incomes are overwhelmingly married – with marriage rates generally above 80%. The marriage rate for others is 55.5%.

Unfortunately, because Murphy et al. (2007) use tax information that is not linked to supplementary personal information, it does not include an examination of educational characteristics or other qualifications, whereas the IMDB used in our study is linked to immigrant landing records (LIDS).<sup>14</sup>

Comparison of the age distribution of high-income groups indicates that high-income immigrants are generally younger than the Canadian average (Table 5).

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approximate level of \$80,000 was chosen for the highest income category in 2004. The gap is likely even smaller than it may appear due to inflation.

<sup>14</sup> However, the IMDB reports only on immigrants and therefore provides no baseline characteristics of Canadians in general.

**Table 5: Ages of High Income Groups by Total Income**

|             | All Canadians | Immigrants | Indian Immigrants | Chinese Immigrants |
|-------------|---------------|------------|-------------------|--------------------|
| Male        | 75.7          | 80.2       | 84.4              | 74.1               |
| Female      | 24.3          | 19.8       | 15.6              | 24.9               |
|             |               |            |                   |                    |
| 25 to 34    | 10.8          | 10.2       | 12.9              | 12.5               |
| 35 to 44    | 33.7          | 32.5       | 37.6              | 33.7               |
| 45 to 55    | 33.9          | 35.6       | 32.9              | 38.4               |
| 55 and over | 21.6          | 21.8       | 16.6              | 15.4               |

Source: Census of Canada 2001 PUMF

Although high-income Canadians overall tend to be older than 45, high-income immigrants, including Indian-born immigrants, are considerably younger – over 50% are between the ages of 25 and 44. What high-income immigrants have in common with the Canadian average is the fact that high-income immigrants are overwhelmingly male. Among Indian immigrants, males comprise 84.4% of the high-income group.

A second dimension of the affluent immigrant profile is the ability to speak an official language. Over 80% of all high-income immigrants are proficient in English (78%) or French (2.3%) upon entry to Canada. Among Indian immigrants, the proportion is roughly 92% (in English).

The affluent Indian immigrant is also likely to be a professional, with 70% entering the country having this designation. Among immigrants in general, this category is slightly smaller (63.5%), but overall, it is apparent that professionals – including accountants, lawyers, and physicians – are among the most successful immigrants. A significant

portion of affluent Indian immigrants also have skills related to technical industries (19.2%) or managerial positions (6.8%).

Based on the high prevalence of Indian immigrants with higher valued skills among the affluent, it is not surprising that high-income Indian immigrants are generally well educated. Over 46% of high-income Indian immigrants have a bachelor's degree, 23.9% have a master's degree, and 8.4% have a doctorate. In general, high-income immigrants are likely to be well educated, but unlike Indian immigrants, a greater proportion of people with low educational qualifications (19.8%) are among the high-income group.

**Table 6: Sources of Income of Affluent Indian Immigrants**

|                    | Source of Income   |                 |            |
|--------------------|--------------------|-----------------|------------|
|                    | Wages and Salaries | Self-employment | Investment |
| Canadian-born      | 78.2               | 14.0            | 5.0        |
| Immigrants         | 77.3               | 13.5            | 5.7        |
| Indian Immigrants  | 76.4               | 18.5            | 3.2        |
| Chinese Immigrants | 74.4               | 10.0            | 10.0       |

Source: Census of Canada 2001 PUMF

High-income Indian immigrants also tend to arrive at an early age. Almost 90% had arrived between the ages of 25 and 44 (66% were between 25 and 34), and another 12.2% had arrived when they were between 15 and 24.

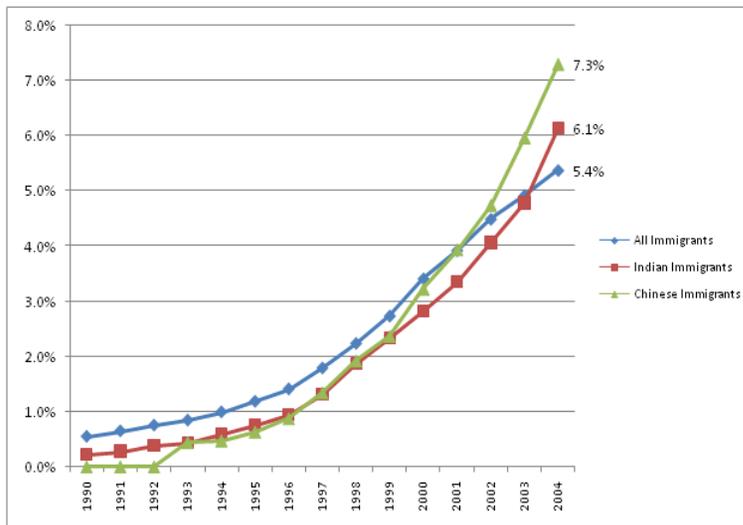
According to estimates from the 2001 Census microdata, over 75% of affluent Indian immigrants are paid employees. Roughly 19% are self-employed and 3.2% receive high incomes from investments (Table 7). A similar rate for income from employment is found among Chinese immigrants, although 10% earn their incomes from both self-employment and investment.

Compared with Canadian-born and average immigrant high-income earners, wealthy Indian immigrants are estimated to have higher rates of self-employment, but smaller rates of income from investment. Considering that nearly 20% of Indian immigrants earn their high incomes from self-employment, entrepreneurialism is a key trait of the affluent Indo-Canadian.

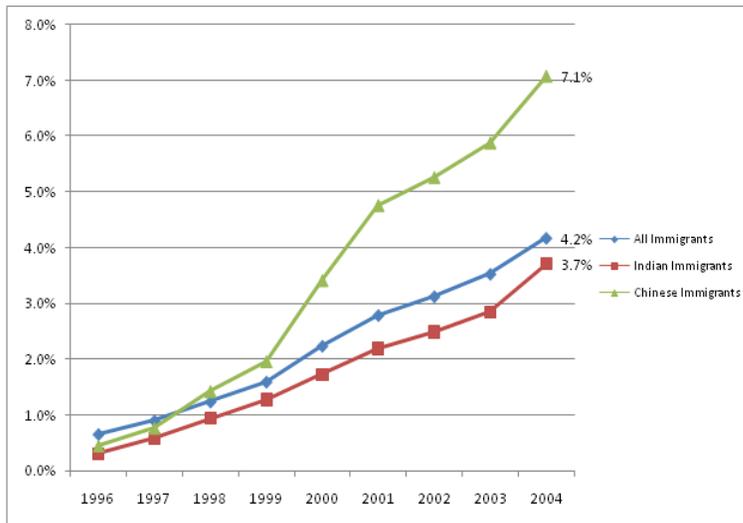
Source: IMDB Tax File Data

Figure 33 compares the income trends of the Chinese and Indian-born high-income earners who arrived between 1985 and 1989. The graph shows that the Chinese took longer to start earning high incomes, but had ultimately surpassed their Indian counterparts. By the end of the tax period, the percentage of those who earn high incomes for both Indian and Chinese immigrants converge with the Canadian average, which is 6%. However, this convergence is not reflected among the lowest income groups, where a disproportionate number of Indian and Chinese immigrants remain.

The experience of the subsequent cohort of immigrants, those arriving between 1990 and 1995, indicates more starkly the differential integration of Indian and Chinese immigrants (Figure 34).



**Figure 33: Employment Income Trend of Indian and Chinese Immigrants Arriving 1985-1989**



**Figure 34: Employment Income Trend of Indian and Chinese Immigrants Arriving 1990-1995**

Source: IMDB Tax File Data

With less time in Canada and the fact that they arrived during a recession, it is reasonable to expect that the 1990-1995 cohort would not have numbers of affluent that mirror the Canadian average, and, for the most part, this is true. However, a surprising finding is that Chinese immigrants who arrived during this time converge with the general Canadian rate of affluence within 10 years. Furthermore, the rate of the affluent surpasses the Canadian figure, reaching more than 7%. The success of this cohort of Chinese immigrants does not follow Aydemir’s (2005) idea of economic “scarring.”

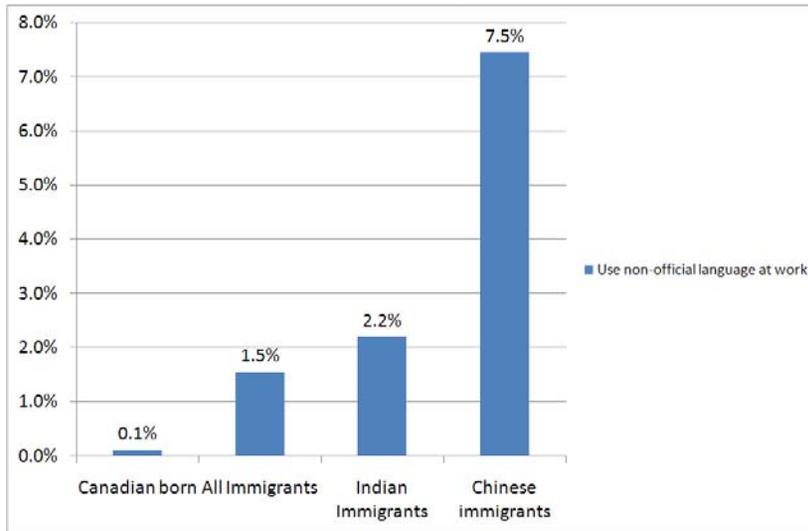
This finding is especially remarkable, given the sharp contrast between the relative quickness with which Chinese immigrants

of this cohort converge with the Canadian average and the slow pace at which the previous cohort of Chinese immigrants converged with the Canadian and immigrant averages.

The information on employment income trends, while interesting, raise more questions than it provides answers. What, for example, explains the differential patterns of the growth of affluence among immigrant groups arriving during the same period? And what explains the different experiences of immigrants from the same group who arrive at different periods? While this study cannot provide a definitive answer to these questions because of the limitations of IMDB, we have attempted to understand the basic determinants of affluence among Indian immigrants by focusing on key characteristics of this group.

The relatively quick rise in the incomes of Chinese immigrants arriving between 1990 and 1995 compared with the earlier cohort of Chinese immigrants (1985-1989) as well as Indians and all other immigrants arriving during the same period suggests that a new group of Chinese immigrants has emerged, the members of which are very well-placed almost instantly on arrival. The fact that a relatively large number of Chinese, even those among the most affluent (7.5%), use a non-official language at work raises the possibility that these newcomers have benefited from their ethnic and perhaps transnational ties (Figure 35). Expanding on the ethnic economy thesis, it appears (if only for a ‘select few’ immigrants) that foreign experience is a benefit rather than a detriment to upward mobility. It raises the possibility that for a small number of

immigrants, foreign experience is, in fact, rewarded in Canada (cf. Schaafsma and Sweetman 2001).



**Figure 35: Percentage of High Income Earners (>\$75,000 per year) Who Regularly Use Non-Official Language at Work**

Source: 2001 PUMF

Although this hypothesis cannot be evaluated here with the available datasets, it raises an interesting and potentially fruitful direction for study. Research on the relationship between immigrant pathways to affluence and their transnational business ties would provide answers to many of the missing links in our knowledge of contemporary immigrant economic integration.

Table 8 paints a telling picture of the affluent Indian immigrant. This person is likely to be a man who arrived in Canada at an early age with the ability to speak English, likely

to be well educated before arriving in Canada, with a bachelor’s degree or higher, and likely to possess skills geared towards a professional career or one involving technical aptitude.

In his first few years of residence in Canada, the affluent Indian immigrant may have experienced some difficulties attaining high-income employment, but if he arrived recently, his chances of quickly turning this predicament around and moving up the income scale would be better than for earlier immigrant cohorts. Nevertheless, his chances of achieving a high income would be far from certain, as many of his peers who have similar attributes and qualifications remain among the lowest income earners.

**Table 7: High and Low Income by Education, Skill etc.**

|                      | Immigrants         |                    | Indian Immigrants  |                    | Chinese Immigrants |                    |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                      | Less than \$15,000 | More than \$80,000 | Less than \$15,000 | More than \$80,000 | Less than \$15,000 | More than \$80,000 |
| Less than 13 years   | 63.5               | 10.0               | 65.9               | 6.7                | 47.9               | 4.2                |
| Bachelor's or higher | 15.3               | 65.6               | 21.7               | 79.2               | 29.0               | 85                 |
| Elemental Labourer   | 15.9               | 2.3                | 15.8               | 0                  | 7.3                | 3.1                |
| Professional/Skilled | 54.3               | 83.9               | 55                 | 89.5               | 56.9               | 85.7               |
| English              | 45.3               | 78.8               | 31.5               | 92.4               | 30.1               | 84.0               |
| Neither English      | 46.3               | 8.5                | 68.1               | 6                  | 69.1               | 13.3               |
| Enter before 34      | 59.3               | 64.4               | 68.2               | 66.3               | 56.5               | 70.1               |
| Enter 34 and over    | 40.7               | 35.6               | 31.8               | 33.7               | 43.5               | 29.5               |

Source: IMDB Tax File Data

In particular, it is noteworthy that more than 1 in 5 Indian immigrants with low incomes below \$15,000 per year have a bachelor's degree or higher, and over half (55%) have either professional or skilled qualifications. These figures are even higher among Chinese immigrants; almost one-third of Chinese immigrants with low incomes have university degrees, and more than 56% are in professional or skilled classes.

Clearly, the traits of a successful Indian immigrant are also present in a successful Chinese immigrant (Table 8). In fact, Chinese immigrants with university education do slightly better than their Indian counterparts. Interestingly, Chinese immigrants with proficiency in English do not seem to have done as well as their Indian counterparts (84% of English-

speaking Chinese immigrants are earning more than \$80,000 compared with 92.4% of English-speaking Indian immigrants).

The table also reveals that, at least in the case of the Chinese, lower levels of proficiency in English does not act as a barrier to affluence. This finding contradicts Aydemir and Skuterud's (2004) assertion about the effects of language ability on earners. In fact, more than 13% of Chinese immigrants who eventually become affluent arrive with little or no English.

A possible explanation for the difference in the importance of official language ability is found by looking at information in the PUMF on languages most commonly used at work (Table 9).

**Table 8: Language Used Most Often at Work**

|            | English | Non-official Language |
|------------|---------|-----------------------|
| Immigrants | 84.5    | 5.4                   |
| Indian     | 87.6    | 7.8                   |
| Chinese    | 64.5    | 30.5                  |

Source: Census of Canada PUMF 2001

The language-at-work data indicates that Chinese immigrants are considerably more likely to use a non-official language at work – presumably a Chinese language. In fact, more than 30%

of Chinese immigrants use a non-official language at work, a figure much higher than that for immigrants in general (5.4%). The PUMF also shows that Indian immigrants rarely use a non-official language at work, although they are slightly more likely to do so compared with the average immigrant.

The fact that so many Chinese immigrants use a non-official language at work reinforces the hypothesis that Chinese economic integration and an effective pathway to affluence occurs through the group’s ethnic economy. This pathway differs from the Indian immigrant experience, where the rise of an affluent group has occurred largely through mainstream labour market employment.

## 6.2 Barriers to Prosperity among Indian Immigrants

The analysis so far provides the first opportunity to posit the determinants of affluence among Indian immigrants in Canada. Not only does it build a case towards identifying the “right mix” of social characteristics and human capital requirements needed for greater chance of success in Canada, but it also might inform an evidence-based policy framework that could improve the circumstances of immigrants who have so far been restricted from upward mobility. In addition, a greater understanding of the characteristics that affect immigrants’ success might offer some pointers about how to improve immigration and settlement policy for future immigrants.

What is readily apparent from the analysis of the economic performance of Indian immigrants arriving in Canada since

**Table 9: Characteristics of High Income Indian Immigrants by Age, Education and Language Proficiency**

| 1985-1995          | Total – Education |            | Less than 13 years |            | Bachelor's |            | Master's |            | Doctorate |            |
|--------------------|-------------------|------------|--------------------|------------|------------|------------|----------|------------|-----------|------------|
|                    | English           | No English | English            | No English | English    | No English | English  | No English | English   | No English |
| Total - Age        | 90.7              | 9.3        | 7.4                | 3.3        | 37.3       | 3.2        | 19.8     | 0          | 10.7      | 0          |
| Less than 15 years | 0.4               | 0          | 0.4                | 0          | 0          | 0          | 0        | 0          | 0         | 0          |
| 15-24              | 11.3              | 4.7        | 1.9                | 1.5        | 4.6        | 1.1        | 0.5      | 0          | 0         | 0          |
| 25-34              | 48.1              | 3.6        | 2.2                | 0.5        | 20.3       | 1.7        | 11.9     | 0          | 5.9       | 0          |
| 35-44              | 25.9              | 0          | 1.2                | 0          | 10.5       | 0          | 5.7      | 0          | 4.3       | 0          |
| 45-54              | 4.6               | 0          | 0                  | 0          | 1.6        | 0          | 1.5      | 0          | 0         | 0          |
| 55-64              | 0                 | 0          | 0                  | 0          | 0          | 0          | 0        | 0          | 0         | 0          |
| 65+                | 0                 | 0          | 0                  | 0          | 0          | 0          | 0        | 0          | 0         | 0          |

Source: IMDB Tax File Data

1985, is that no one characteristic, whether it be a high level of education, skill level, official language proficiency, or entry at a young age, ensures success. For example, substantial proportions of well-educated persons are found among the lowest-income groups, as well as among the affluent: in fact, over 34.1% of Indian immigrants with average earnings of less than \$15,000 have a bachelor's degree, and 9.8% enter Canada with a master's degree.

Rather, a combination of these qualities, as well as the good fortune of arriving during a period of economic growth in which one's skills can be put to use immediately, seems

official language proficiency.<sup>15</sup> Because Statistics Canada suppresses any count below 40, all "0" values may include a small number of records. At most, however, these missing values are not significant enough to surpass 0.4% of the average of 863 high-income Indian immigrants included in each tax year.

Table 10 indicates that among high-income Indian immigrants, over 90% had arrived able to speak English, and 30.8 % had a bachelor's degree and arrived between 25 and 44 years of age.

Similarly, English-speaking Indian immigrants arriving at the

**Table 10: Characteristics of High Income Chinese Immigrants by Age, Education and Language Proficiency**

| 1985-1995                 | Total – Education |            | Less than 13 years |            | Bachelor's |            | Master's |            | Doctorate |            |
|---------------------------|-------------------|------------|--------------------|------------|------------|------------|----------|------------|-----------|------------|
|                           | English           | No English | English            | No English | English    | No English | English  | No English | English   | No English |
| <b>Total - Age</b>        | 86.7              | 13.3       | 27                 | 1.4        | 24.3       | 5.2        | 26.7     | 2.5        | 12.4      | 0.4        |
| <b>Less than 15 years</b> | 0                 | 0          | 0                  | 0          | 0          | 0          | 0        | 0          | 0         | 0          |
| <b>15-24</b>              | 3.2               | 1          | 0.4                | 0.2        | 0.9        | 0          | 0        | 0          | 0         | 0          |
| <b>25-34</b>              | 47.5              | 7.5        | 0.3                | 0          | 17.8       | 4.3        | 18.8     | 1.8        | 6.2       | 0          |
| <b>35-44</b>              | 19.8              | 2.4        | 0.4                | 0          | 4.9        | 0.7        | 7.2      | 0.5        | 5.3       | 0          |
| <b>45-54</b>              | 2.3               | 0.2        | 0                  | 0          | 0.5        | 0          | 0.5      | 0          | 0.5       | 0          |
| <b>55-64</b>              | 0                 | 0          | 0                  | 0          | 0          | 0          | 0        | 0          | 0         | 0          |
| <b>65+</b>                | 0                 | 0          | 0                  | 0          | 0          | 0          | 0        | 0          | 0         | 0          |

Source: IMDB Tax File Data

instrumental. Table 10 tabulates all high-income Indian immigrants arriving between 1985 and 1995 according to their combinations of age at immigration, level of education, and

<sup>15</sup> The later landing cohorts were not included because they have relatively small numbers of high-income earners that do not permit the cross-tabulation of the 3 variables.

**Table 11: Comparison of Housing Tenure by High and Low Income**

|               | Low Household Income (<\$35,000) |          |             |              | High Household Income (>\$85,000) |          |             |              |
|---------------|----------------------------------|----------|-------------|--------------|-----------------------------------|----------|-------------|--------------|
|               | All Can.                         | All Imm. | Indian-born | Chinese-born | All Can.                          | All Imm. | Indian-born | Chinese-born |
| <b>Owned</b>  | 66.1                             | 61.1     | 68.3        | 64.3         | 89.3                              | 87.1     | 88.6        | 84.6         |
| <b>Rented</b> | 33.9                             | 38.9     | 31.7        | 35.7         | 10.7                              | 12.9     | 11.4        | 15.4         |

Source: Census of Canada 2001 PUMF

same age with a master’s (17.6%) or a doctorate (10.2%) comprise the greatest share of the high-income population. Looking at combinations of age at immigration, level of education, and the lack of ability in English, we see very low success rates. This smaller success seems related to arriving at an earlier age (almost this entire high-income group arrived before 34 – and many before 24).

Table 11 illustrates similar information for the Chinese group. Relatively speaking, the high-income group contains many more university-educated Chinese with no proficiency in English (8.1%) compared with their Indian-born counterparts (3.2%). It is possible that many of them are employed in the ethnic economy.

Because the analysis is restricted to characteristics identified at arrival, there is no way of knowing the effects of further education, skill development, and language acquired in Canada. Nevertheless, human capital assets usually improve over time, and therefore, the small proportion of high-income Chinese immigrants with low official language capability and

low levels of education and skill is likely even smaller, since their high incomes may be related their Canadian experience, and information on that experience is unavailable to us.

Another aspect of wealth generation that is not easily defined by entry characteristics is the ability of families to generate wealth through income pooling or investment. Homeownership is a primary form of investment that represents some measure of prosperity. At the very least, homeownership equates to savings, even if incomes are low. Table 12 indicates that low-income Indian immigrant households<sup>16</sup> should not be seen as wholly deprived, since significant numbers own homes. The figures are based on weighted estimates from the 2001 Census Public Use Microdata File.

The rate of homeownership among Indian-born low-income earners is higher than the Canadian average for the same income group and, significantly higher than that for immigrants in general. This suggests the possible existence of a cultural penchant for homeownership among Indian immigrants that may call into question the association of low-income earners with poverty, since even with low incomes, a significant proportion of Indian immigrants are amassing assets.

<sup>16</sup> Low incomes are defined by the family income Low Income Cut-off figure for 2000 about \$32,000 for a four-person household in a large urban centre (Lee 2000).

Like all immigrants to a new country, Indian immigrants to Canada face several barriers to economic success. The research literature on immigrant integration highlights the fact that immigrants with strong credentials and high levels of educational attainment have experienced considerable difficulty in Canada. Evidence further indicates that the underachievement of this group is likely related to a combination of structural factors, such as skills mismatch and entry during economic downturns (Ayedemir and Skuterud 2006) and discrimination in the labour market, such as the recent disregard for credentials earned outside Western Europe and North America (Reitz 2005). Nevertheless, the distinctive qualities of high-income Indian immigrants indicate that immigrants entering Canada at a younger age with high educational qualifications and capability in an official language are more likely to “hit the ground running” – for immigrants without these qualities upon entry, the likelihood of attaining a high income is substantially lower.

Through our comparison of the two largest visible minority populations, we have also identified different paths to success. In the case of Indian immigrants, high-income earners are often skilled workers and professionals with high educational qualifications – the majority with English-speaking ability upon arrival. By comparison, affluent Chinese, while similarly well-educated, also include a significant number of people who arrive with no knowledge of English. Furthermore, among affluent Chinese immigrants, a large number of people use a non-official language at work.

## 7. Conclusion

Since Indians arrived in Canada more than a hundred years ago, their economic fortunes have undergone tremendous change. From experiences of discrimination and immigration restrictions, the Indo-Canadian population has transformed itself into one of the largest and fastest-growing immigrant populations in Canada – the vast majority of whom live in the country’s largest metropolitan areas.

Remarkably, in the space of the last two decades, the profile of Indian-born newcomers has shifted from a group largely comprising family members with low educational levels and skills and only a minority with the ability to speak English – the prevalent language of employment and services in their chosen gateway cities – to a highly skilled and highly educated group. A large proportion of Indian immigrants now arrive as professionals, skilled and technical workers, and entrepreneurs. Furthermore, unlike previous cohorts of Indian immigrants, the majority of today’s newcomers enter Canada able to speak English.

Yet, despite improvement in the economic credentials of recent Indian immigrants, the overall economic status of Indian immigrants, like other recent immigrants, has remained surprisingly low. Immigrants with considerable human capital comprise substantial numbers of the low-income population. For example, even after 13 years in the country, almost a third of Indians who arrived between 1985 and 1989 continue to earn less than \$15,000 per year – a very low income. This study joins a now-substantial body of research that documents

the economic challenges that many Indian immigrants face in Canada.

More specifically, however, this study sought to address the lack of research on affluent immigrants, specifically high-income Indian immigrants. Through an examination of custom IMDB tax file data, LIDS landing records, and the 2001 Census microdata, several traits of high-income Indian immigrants have been identified. These include the age at immigration, official language proficiency, level of education, and skill credentials – each established factors associated with the economic fortunes of immigrants.

While in recent years, the influence of each of these factors in economic integration has been the subject of considerable debate, the analysis here acknowledges that none of these factors alone determines success, at least for Indian immigrants. Instead, high-income Indian immigrants in Canada overwhelmingly have a combination of the following traits: they settle in Canada before 34 years of age, they have a university degree, and they can speak English.

In contrast, Indian immigrants who have experienced the most economic difficulty tend to arrive missing one or more of these traits. A notable limit of this analysis is that we have no information on additions to credentials and improvements in language ability once these immigrants are living in Canada; the period of settlement represents a “black box” in which immigrants may be attaining the higher levels of human capital associated with upward mobility and affluence. Nevertheless,

this study indicates that those arriving with these key traits “hit the ground running,” and therefore achieve affluence with relative ease compared with their low-income counterparts.

The report also compared the experiences of Indo-Canadians with Chinese immigrants, a group also among the largest visible minority populations in Canada and one with a similar immigration story. The comparison found that although recent immigrants from both groups share similar human capital traits – high educational qualifications and professional or skill-based qualifications – there are some stark differences in the integration strategies of both groups. Where recent Indian immigrants have sought to achieve affluence mainly through promotion into highly paid mainstream employment, such as in the scientific, financial and health sectors, among the Chinese there is evidence that the ethnic economy – suggested by the large numbers of Chinese immigrants who arrive with no official language capability who eventually become affluent – has been an important route to affluence. Most of these Chinese are likely employed in workplaces where they use a language that is not one of the two official languages.

Indian and Chinese immigrants have arrived with very different language assets and although other studies have emphasized the importance of official language capacity in skills utilization, the Chinese case suggests that one path to high-paid employment lies within an ethnic economy. The success of this alternative path is further evidenced by the quick rise in the numbers of affluent Chinese compared with the rates of growth of the high-income Indian immigrant group.

These findings suggest a set of policy directives. Settlement agencies, especially those focused on improving the economic integration of immigrants, should develop individualized needs assessments that seek to strengthen immigrants' human capital deficiencies: where immigrants have strong educational and career qualifications but poor official language proficiency, ESL education should be prescribed; if official language capability is strong but career experience is weak, targeted volunteer and job placement programs may help to validate newcomers in the Canadian job market. And so on.

A second improvement would be to expand and sustain government-sponsored career-bridge programs that help to validate immigrants' credentials. These programs expose immigrants to the industry in which they have trained overseas and offer underemployed and unemployed immigrants an opportunity to improve their economic position. Besides helping immigrants attain "Canadian experience," these programs help people form social networks that provide further opportunities and ensure that trained immigrants do not lose their skills, or their career objectives, while working outside their field.

Third, the rising numbers of Indian immigrants turning to entrepreneurship as an alternative economic incorporation strategy calls for greater support. Although Indian immigrants have established several successful business enclaves in Canada, many business owners earn low incomes. Considering that many of these businesses focus on serving co-ethnic consumers by providing ethnic goods and services, business

supports should reflect the transnational nature of Indian enterprise in Canada while helping newcomers expand their markets. Information resources for business start-ups and help with the development of marketing strategies are two key features of a successful business support program. Overall, the broader success of Indian immigrants will depend on policies and programs that recognize the strengths of the diaspora. This includes strategies that seek to mobilize human capital resources as well as those that nurture the entrepreneurialism of the community.

## **8. Limitations and Future Research**

While this study has illuminated several aspects of the income and earnings characteristics of Indian immigrants, it also indicates a few areas in need of further examination. Similar to other studies that have considered self-employment incomes, this research exposes the limits of self-reported and tax-file income information (see also Ley 2003; Schuetze 2002). Self-employed individuals tend to under-report their incomes, which can obscure the level of success of the private sector.

Therefore, in-depth interviews with self-employed individuals are needed to develop a better understanding of the costs and benefits of self-employment relative to other forms of economic integration.

It is also unclear from analysis of IMDB tax file data, which is defined by individuals' landing characteristics, how the family unit contributes to wealth creation. Perhaps the new Statistics Canada initiative of combining the Longitudinal

Administrative Databank (LAD) with the Longitudinal Immigration Database (IMDB) will give greater insight into changes in the income experience not only by individuals but also by families and households.

Another data source that may help to illuminate the experiences of Indian immigrants in Canada is the Canadian Labour Force Survey. This is a monthly survey of employment and work conditions across the country. Previously, this data did not report specifically on immigrants; however, place of birth, landed immigrant status, and year of landing have recently been added. This improvement will now allow us to track the performance of immigrant groups over time.

Despite the potential of these emerging datasets, additional surveys that examine the assets and investment characteristics of Indian immigrants need to be developed. As the literature on high-income Canadians attests, income information is the only reliable and longitudinal data source relevant to the study of economic value at the moment.

Increasingly, immigrants arrive with assets in addition to human capital, including significant savings and the capacity to purchase homes or start businesses. Therefore, research on the capital assets that Indian immigrants bring to Canada is needed to identify other determinants of high income generation besides human capital. The Longitudinal Survey of Immigrants to Canada (LSIC) is one dataset that may provide new insights

in this direction, but its small sample size limits finer levels of disaggregation.<sup>17</sup>

A third area of future research relates to lack of information on labour market and the self-employment experiences of Indian immigrants. Census figures indicate that Indian immigrants are over-represented in industries associated with both high and low incomes. Yet, there is no indication of how these concentrations have emerged and how they relate to occupational mobility. Qualitative research would provide greater detail regarding the processes through which Indian immigrants are sorted into high- and low-income fields.

Similarly, documentation of the life and career experiences of high-income individuals and families would supplement the restricted focus of the IMDB on human capital factors upon arrival. Qualitative research would offer insights on other

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<sup>17</sup> The LSIC is Statistics Canada's survey that has in-depth information on the settlement experiences of a sample of immigrants who officially landed in Canada between 2000 and 2001. It includes three "waves" of questionnaires that identify social and economic experiences of this group. Of specific relevance to the question of high-income Indian immigrants, the LSIC includes information on family wealth brought with immigrants to Canada as well as income generated during the years of stay in the country. However, as Mendez et al. (2006) note, there are significant limitations in the LSIC. First, it has a small sample size (compared to the census), which limits statistical study at fine levels of disaggregation and geographic scale. Therefore future analysis of this data would be limited to the experiences of South Asian immigrants in general, instead of Indian-born immigrants. Second, income and earnings figures in the LSIC may be significantly under-reported (Statistics Canada 2005).

forms of capital, such as social and cultural capital, and report on the role of Canadian experience in the income achievements of Indian immigrants in Canada.

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