

# Exodus of Gulf Emigrants

## Return Emigrants of Varkala Town in Kerala

*It is estimated that more than 10 lakh emigrants are likely to return to Kerala between 1998 and 2002. Such a large return of emigrants will have severe socio-economic implications for this state. This study, based on Varkala town in Kerala, focuses on the problems that arise with this return of emigrants and suggests relevant policy measures.*

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During the last quarter of the last century, Gulf migration has been the single most dynamic factor which has given the biggest push to Kerala's economy. A study of the economic impacts of Gulf migration on Kerala's economy came to the conclusion that since the mid-1970s the factor which had the greatest impact on Kerala's economy especially on labour market, consumption, savings, investment, poverty, income distribution and economic growth, has been the Gulf migration and migrant remittances [Prakash 1998]. Another study on emigration and outmigration, based on a sample survey of 10,000 households covering all taluks of Kerala, arrived at the conclusion that migration has contributed more to poverty alleviation and reduction in unemployment in Kerala than any other factor including agrarian reforms, trade union activities and social welfare legislation during the last quarter of the last century [Zachariah et al 1999].

Though there had been a rapid growth in emigration to the Gulf during the first half of the nineties, the situation has drastically changed since 1996. The fall in oil prices, the recession in the Gulf countries, stiff competition from migrants belonging to other countries, policy to reduce the size of foreign workers, promotion of native workers in job placements, reduction in wage rates and imposing stringent restrictions on migrant labour has resulted in the exodus of large number of emigrants. According to a recent estimate the number of emigrants that returned to Kerala from the Gulf between 1996 and the middle of 1998 was 3.13 lakh. The study also predicted that more than ten lakh emigrants are likely to return to Kerala between 1998 and 2002 [Zachariah et al 1999]. This exodus of emigrants and the fall in remittances have already created recession in at least 10 districts of Kerala where the

incidence of emigration is very high. Available evidence suggests that the major economic and social problem Kerala is currently facing is connected with the return and rehabilitation of return emigrants.

Though the exodus of Gulf emigrants is the most serious socio-economic problem of Kerala today, we do not have studies which throw light on the various dimensions of the problem. We also lack information about the causes of return, the profile of return emigrants, and the present economic status of return emigrants. The objective of the study is to examine the causes of the exodus of emigrants, profile of return emigrants, and the current economic status of return emigrants. The study is based on a sample survey of 80 return emigrants in Varkala town. The paper is presented in three sections. The first section deals with the trends in emigration and return emigration. The second section presents the findings of a field study conducted in Varkala town. In the last section we present the conclusions and policy suggestions.

### I Trends in Emigration and Return Emigration

Regarding the trends and magnitude of emigration from Kerala to the west Asian countries, we have three data sources. First is the data provided by the ministry of external affairs. Based on the data, and assuming the share of Keralites as 50 per cent, it is estimated that the total stock of Keralite emigrants in the Gulf was 14 lakh in 1996. As the estimate is not based on systematic collection of data and is based on rough estimates, it is likely that the data won't provide an accurate estimate of the stock of emigrants. The second source is the estimates of the department of economics and statistics, government of

Kerala, based on surveys. Three estimates are available for the years 1980, 1987 and 1992. As the 1980 survey is a census type survey, the estimates provide a realistic picture about the total emigrants from Kerala. But due to small sample size, poor coverage and under reporting, the other two estimates were gross under estimates. The third estimate is the estimate of K C Zachariah and others in 1999. The estimate is based on primary data collected from a sample of ten thousand households covering all taluks of the state. The survey estimated the total emigrants as 13.62 lakh and return emigrants as 7.39 lakh in the second half of 1998 [Zachariah et al 1999]. In order to study the intensity of emigration and return emigration, emigration rates were worked out for all districts. It was found that the Malappuram district had the highest rate of emigration followed by Pathanamthitta, Thrissur and Kozhikode. Among the estimates on emigrants available, this estimate is the most comprehensive one giving basic data about emigration from Kerala to Gulf countries.

The study also gives an estimate about the country of destination of Keralite emigrants. It found that nearly 95 per cent of the Keralite emigrants emigrated to Gulf countries comprising of Saudi Arabia, UAE, Bahrain, Kuwait, Qatar and Oman (Table 1). A significant finding of the study is that of the total emigrants, 38 per cent migrated to Saudi Arabia and 30 per cent to UAE.

The study also provided the total number of return emigrants and yearwise return of emigrants. Of the total return emigrants 95 per cent returned from Gulf countries. The two Gulf countries, viz, Saudi Arabia and UAE accounted for 67 per cent of the return emigrants (Table 2).

A significant finding of the study is that compared to the decade 1980s and the first half of 1990s, the rate of return was much

higher since 1996. Of the total return emigrants, 42 per cent returned during 1996, 1997 and the first half of 1998 (Table 3). This is an unprecedented return of Keralite emigrants from the Gulf countries. The study gives an alarming prediction about the future return of emigrants. The study predicted that more than 10 lakh emigrants are likely to return to Kerala between 1998 and 2002.

Many factors have contributed to this unprecedented return of Keralite emigrants. The UAE tightened the immigration laws in 1996. Saudi Arabia and Bahrain also imposed stringent restrictions on emigrant labour in 1997. Saudi Arabia stopped issuing visas to certain categories of workers. The aims of labour restrictions were to send back the illegal emigrant workers, discourage the emigration of certain categories of unskilled workers, and bring up spouses of emigrants. Besides these restrictions, the countries also followed a policy of reducing the wage rate of unskilled and skilled emigrant workers. It is reported that in UAE and Saudi Arabia, the employers had effected a wage cut to the magnitude of 50 per cent since 1996. The Keralite workers also had to face competition from emigrant workers from other countries who were willing to work at very low wages. Besides this, the fall in oil prices, the recession in Gulf countries, the policy to reduce the size of foreign workers and the promotion of native workers in job placements, had also accelerated the process of return emigration.

As remittances from the migrant workers in west Asia is the largest factor determining the economic activities in 10 districts of Kerala, the exodus of emigrants will have very serious repercussions in the state. Though we do not have accurate data regarding remittances, the available evidence suggests that there has been a fall in remittances since 1996.

Based on the World Bank data, an attempt is made to estimate the remittances received in Kerala. Though the World Bank gives the total remittances sent by Indian workers from foreign countries, no country-wise figures are available. So we have made an estimate based on two assumptions. First, it is assumed that the share of remittances from west Asia is 75 per cent. The assumption is based on the findings of a study of Economics and Social commission for Asia and Pacific in 1989 on international migration and remittances [ESCAP 1987]. Second, the share of Kerala is assumed at 50 per cent, as Keralites

account for more than half of Indian migrant workers in west Asia. The estimated remittance received in Kerala from the migrant workers in west Asia in Dollars shows a fall since 1996 (Table 4). It may be noted that the magnitude of remittances was equivalent to 26 per cent of NDP of Kerala of 1997.

## I

### Causes of Return and Current Status of Return Emigrants: Findings of a Field Study

In order to study the trends of return emigration, causes of return and profile of return emigrants, data was collected from a sample of 80 return emigrants from Varkala town. The town belongs to the Chirayinkeezhu taluk of Thiruvananthapuram district. The town has a history of emigration during the early part of the 20th century. Labourers had migrated to British colonies like Ceylon, Malaysia, Singapore, Burma, etc. However, the largest emigration from the town occurred during 1970s to the Gulf countries. The emigration towards Gulf continued in the 1980s and 1990s. According to the recent estimate, the emigration rate, i.e., the number of persons emigrated per 100 households was 30 and the return emigration rate was 28 in Chirayinkeezhu taluk. Thus, the total number of emigrants and return emigrants in the taluk was 58 per 100 households [Zachariah et al 1999].

We have collected information from a sample of 80 returned emigrants residing in seven divisions namely Karunilakkodu, Punnamoodu, Mundayil, Kannamba, Thachankonam, Raghunathapuram and Varkala using a structured questionnaire. First, we will start with the socio-economic background of the return emigrants. Of the total sample returnees, 31 per cent belong to Nair community which is classified as a forward community in Kerala. Another 59 per cent belong to backward communities like Ezhava, Muslims, Vanika Vysya, Viswakarma, etc. Ten per cent of the returnees belong to scheduled castes and scheduled tribes. A religionwise distribution revealed that of the total sample returnees 94 per cent belong to Hindu and 6 per cent Muslims. All the sample returnees were male and 98 per cent were married. The study revealed that majority of the emigrants had only a low educational level of below 10th standard. Only 20 per cent had an educational level of a pass of 10th standard and another 11 per cent had an

educational level of plus two. The persons having a graduate degree or a diploma were very few. Only a few had studied vocational courses. An enquiry about their economic status prior to migration revealed that nearly 18 per cent were unemployed. Those who were employed prior to migration worked as construction workers (like mason, carpenter, painter), other skilled workers (like electrician, mechanic, welder, casual labourers), or engaged in self-employment. They were earning a very low monthly wage or income prior to emigration. Nearly 69 per cent earned a monthly wage ranging between Rs 200 to 600 prior to their emigration.

**Table 1: Number of Emigrants from Kerala**

Country of Destination	Number (Thousands)	Per Cent
Saudi Arabia	519	38.1
UAE	405	29.7
Oman	142	10.4
Bahrain	77	5.7
Kuwait	69	5.1
Qatar	64	4.7
US	30	2.2
Others	57	4.2
Total	1363	100.0

Source: K C Zachariah et al 1999.

**Table 2: Country of Origin of Return Emigrants of Kerala**

Country	Number of Return Emigrants (Thousands)	Per Cent
Saudi Arabia	301.8	40.83
UAE	192.4	26.03
Kuwait	34.8	4.71
Oman	92.3	12.48
Qatar	23.2	3.14
Bahrain	44.0	5.95
Iraq	4.9	0.66
South East Asia	7.9	1.07
Nepal, Bangladesh	4.9	0.66
US	1.2	0.16
Others	31.8	4.30
Total	739.2	100.00

Source: K C Zachariah et al 1999.

**Table 3: Yearwise Return of Emigrants of Kerala**

Year	Number of Return Emigrants (Thousands)	Per Cent
Up to 1980	34.1	4.62
1981 - 1990	162.8	22.03
1991	20.1	2.72
1992	43.3	5.86
1993	35.3	4.79
1994	57.9	7.84
1995	73.1	9.90
1996	106.8	14.44
1997	126.9	17.16
1998	78.9	10.64
Total	739.2	100.00

Source: K C Zachariah et al 1999.

## Emigration to the Gulf

From the sample returnees we have collected information relating to the cost of emigration, the country to which they migrated, the category of job in which they were employed, the number of years they worked, the non-wage benefits they received, and the savings they had from emigration. The emigrants from Varkala migrated mainly to UAE, Oman and Saudi Arabia. From our sample two persons emigrated to Qatar and one each to Bahrain and Kuwait. A major factor which promoted emigration from Varkala was the help and support provided by the friends and relatives who had already emigrated to the Gulf. Nearly 76 per cent of the sample returnees received some help in getting visa, travel, accommodation, etc. in the Gulf either from relatives or friends. The returnees also spent considerable amount of money as the cost for getting visa, passports, travel and other cost for emigration. It is reported that they spent an amount ranging between Rs 15,000 to more than 50,000 as the cost of emigration (excluding the cost of travel). Nearly 21 per cent of the sample returnees had spent an amount ranging from Rs 16,000 to 30,000 and another 14 per cent an amount ranging between Rs 31,000 and 40,000 as the cost of emigration. From the table it is evident that the cost of emigration is higher in 1990s compared to the earlier periods.

An yearwise emigration shows that up to the mid-1970s the emigration from Varkala was mainly to UAE and Oman (Table 5).

During the second half of 1970s the new destinations included Saudi Arabia, Qatar, Bahrain and Kuwait. Since 1980s the major destinations were UAE, Oman and Saudi Arabia. The data on yearwise migration suggest that there had been a decline in migration since early 1980s. The emigration from Varkala to the Gulf has steeply declined since the mid-1990s. Of the total sample returnees only two persons have migrated between 1996 and 1999.

The jobs in which the sample returnees worked in the Gulf may be classified into five categories, viz, construction workers, mechanical staff and drivers, sales workers, clerical staff and others. About 47 per cent of the sample emigrants worked in construction labour category such as mason, carpenter, painter, electrician and other construction labourers (Table 6). Another 30 per cent worked as mechanical staff and drivers, 5 per cent as clerical staff and 8 per

cent as others. A significant feature of the labour market in Oman and Saudi Arabia was that more than half of the labour demand was for construction workers. Only in UAE the foreign workers were demanded for categories such as mechanics, driver, sales workers, etc. A notable feature of the construction job in the Gulf countries was its casual nature. It is reported that about 40 per cent of the construction workers in our sample were employed as casual labourers. The sample emigrants, both construction workers and other categories used to work eight to 10 hours per day. It is reported that about 76 per cent of the workers worked eight hours per day for six days in a week. Another 5 per cent of the workers, reported that they used to work 10 hours per day. It is likely that the workers especially those doing construction work in extreme hot climate in open spaces, are susceptible to health hazards.

The workers were paid only wages and they were forced to meet the cost of accommodation, food, medicine, travel, etc. It is reported that only 9 per cent of the workers were provided with free accommodation by the employers. Of the 80 sample returnees interviewed, only three – a mason and two mechanics reported that their travel cost was borne by the employer. This suggests that almost the entire cost connected with travel, accommodation, food, medicine, etc, was borne from the wages received by the emigrant workers. This had also resulted in the reduction of their savings.

We have collected information about the savings and the amount of monthly remittances by the sample returnees who returned during the first half of 1990s and since 1996. Of the total sample workers returned during the first half of 1990s, 16 per cent sent a monthly remittance up to

**Table 4: Workers Remittances to Kerala**

Year	Remittances in US \$ Million	Exchange Rate	Total Remittance (Rs Million)	Remittances as Per Cent of NDP of Kerala
1990	728.63	17.94	13072	10.74
1991	1281.75	24.47	31364	20.77
1992	939.75	30.64	28794	16.76
1993	1155.00	31.36	36221	15.48
1994	1866.00	31.39	58574	20.41
1995	2401.50	33.45	80330	22.90
1996	3497.25	33.50	124152	30.42
1997	3339.75	37.16	124105	25.90
Total	15209.63		496612	

Source: World Bank, 1999.

**Table 5: Country to which Emigrated**  
(Percentage in brackets)

Year of Migration	UAE	Oman	Saudi Arabia	Qatar, Bahrain and Kuwait	Total
1965-70	4 (8.7)	2 (9.5)	–	–	6 (7.5)
1971-75	8 (19.6)	1 (4.8)	–	–	10 (12.5)
1976-80	8 (17.4)	8 (38.1)	2 (22.2)	3 (75.0)	21 (26.2)
1981-85	10 (21.7)	4 (19.0)	3 (33.4)	–	17 (21.2)
1986-90	7 (15.2)	3 (14.3)	2 (22.2)	1 (25.0)	13 (16.3)
1991-95	6 (13.1)	3 (14.3)	2 (22.2)	–	11 (13.8)
1996-99	2 (4.3)	–	–	–	2 (2.5)
Total	46 (100.0)	21 (100.0)	9 (100.0)	4 (100.0)	80 (100.0)

**Table 6: Type of Job in the Gulf**  
(Percentage in brackets)

Type of Job	UAE	Oman	Saudi Arabia	Qatar, Bahrain and Kuwait	Total
Mason	5 (10.9)	6 (28.6)	1 (11.1)	–	12 (15.0)
Painter	4 (8.7)	2 (9.5)	1 (11.1)	–	7 (8.8)
Carpenter	3 (6.5)	2 (9.5)	2 (22.2)	–	7 (8.8)
Electrician	3 (6.5)	1 (4.8)	–	–	4 (5.0)
Other construction labourers	4 (8.7)	3 (14.3)	1 (11.1)	–	8 (10.0)
Mechanics	10 (21.8)	3 (14.3)	2 (22.2)	2 (50.0)	17 (21.2)
Driver	6 (13.0)	–	–	1 (25.0)	7 (8.8)
Sales workers	6 (13.0)	2 (9.5)	–	–	8 (10.0)
Clerical	1 (2.2)	2 (9.5)	–	1 (25.0)	4 (5.9)
Others	4 (8.7)	–	2 (22.2)	–	6 (7.5)
Total	46 (100.0)	21 (100.0)	9 (100.0)	4 (100.0)	80 (100.0)

Rs 1,000 and another 44 per cent sent an amount ranging between Rs 1,001 and 2,000 (Table 7). The categories of workers who sent the lowest amount of remittances were unskilled construction workers and the categories of workers who reported their job as unspecified. Nearly one-fourth of the workers sent an amount ranging between Rs 3,001 and Rs 5,000 during the first half of 1990s. On the other hand, the rate of monthly remittances sent by the returnees who returned since 1996 was lower. The fall in monthly remittances during the second half of 1990s may be attributed to increase in the cost of emigration, the imposition of salary cuts, competition from labourers belonging to other countries, increase in the cost of accommodation, food, etc, resulting in the decline of savings.

The return emigrants had worked long periods in the Gulf countries ranging between two years and 21 years. A country-wise analysis revealed that in UAE nearly 62 per cent of the return emigrants had worked for a period ranging between 10 years and 21 years. In Oman also nearly 61 per cent of the return emigrants had worked for more than 10 years. If we take all the sample returnees we can find that 63 per cent of the total returnees had worked for more than 10 years in the Gulf countries. We have also collected information about the categories of workers who worked longer periods in the Gulf. It revealed that the categories of workers who worked for 14 or more years were masons, painters, electricians, drivers and workers in the mechanical trade. Compared to other categories, the mechanic categories worked for the longest periods. The workers in the mechanical categories were welders, fitters, plant operators, automobile mechanics, air-conditioning mechanics, diesel mechanics, etc. The categories of workers who spent shorter durations were unskilled construction workers, sales workers and clerical staff. This indicates that taking into consideration the changes in the labour market in the Gulf countries, the categories of workers which had a continuous demand were skilled construction workers and mechanics.

### Causes for Return

Though many factors have contributed to the large-scale return of emigrants from the Gulf since 1996, the immediate cause was the imposition of stringent restrictions on the migrant labour, especially on unskilled labourers and other low

paid categories. Due to the oversupply of foreign workers the governments in the Gulf countries and the employers followed a policy of continuous reduction in the wages of casual and regular workers. Some of the emigrants were forced to return due to health problems or other personal problems. Let us examine the causes of return based on the information given by the sample returnees.

The information gathered from the sample returnees suggest that there has been a large scale return of emigrants since 1996. Of the total sample returnees, 48 per cent has returned between 1996 and 1999 (Table 8). A countrywise breakup also suggests that there has been a large scale return since 1996. Of the sample returnees from UAE, 43 per cent have returned since 1996. This finding is also in conformity with the trends in return emigration in the statewide survey in 1998 [Zachariah et al 1999].

Based on the information supplied by the sample returnees we have classified the causes of return into five categories, viz, no job, reduction in salary, immigration laws, health problems and others. It is revealed that 75 per cent of the sample

returnees returned either due to lack of job opportunities, reduction in salary and immigration laws (Table 9).

Under no job, the important causes were expiry of visa period, ending the period of contract, and closing down of the company. Eleven per cent returnees told us that they were forced to return due to the expiry of visa period. Another 10 per cent reported ending the period of contract as the reason for return. Five per cent reported closing of their company as the reason for return. The other reasons reported under the category of no job were fall in demand for construction workers, reduction in the number of staff in companies, and establishments and difficulty in finding a suitable job. A countrywise break up of the causes for return also suggests that the main reasons for the return of emigrant workers from UAE, Oman and Saudi Arabia were no job opportunities, reduction in salary and immigration laws. It was reported that the single major reason of return of majority of emigrants in UAE was lack of job opportunities.

Another major cause of return was reduction in salary. The employers in the Gulf countries have been following a policy

**Table 7: Money Sent Home Per Month**

Amount (Rs)	Number of Return Emigrants			
	1991-95		1996-99	
	(Year of Return)	Per Cent	(Year of Return)	Per Cent
Up to 1,000	4	16.0	10	28.6
1,001-2,000	11	44.0	12	34.3
2,001-3,000	4	16.0	6	17.1
3,001-4,000	4	16.0	2	5.7
4,001-5,000	2	8.0	1	2.9
5,001 and above	-	-	4	11.4
Total	25	100.0	35	100.0

**Table 8: Returns from Various Country**  
(Percentage in brackets)

Year of Return	UAE	Oman	Saudi Arabia	Bahrain, Qatar and Kuwait	Total
1980 - 90	7 (15.0)	5 (25.0)	-	1 (25.0)	13 (16.3)
1991 - 95	20 (42.5)	3 (15.0)	4 (44.4)	2 (50.0)	29 (36.2)
1996 - 99	20 (42.5)	12 (60.0)	5 (55.6)	1 (25.0)	38 (47.5)
Total	47 (100.0)	20 (100.0)	9 (100.0)	4 (100.0)	80 (100.0)

**Table 9: Causes for Return (Percentage in brackets)**

Country	No job	Reduction in Salary	Immigration Laws	Health Problems	Others	Total
UAE	25 (53.2)	11 (23.1)	2 (4.4)	6 (12.8)	3 (6.5)	47 (100.0)
Oman	5 (25.0)	5 (25.0)	2 (10.0)	4 (20.0)	4 (20.0)	20 (100.0)
Saudi Arabia	3 (33.3)	3 (33.3)	2 (22.2)	1 (11.1)	-	9 (100.0)
Bahrain, Qatar and Kuwait	1 (25.0)	1 (25.0)	-	-	2 (50.0)	4 (100.0)
Total	34 (42.5)	20 (25.0)	6 (7.5)	11 (13.7)	9 (11.3)	80 (100.0)

of continuous reduction in the wage rate of emigrant workers. The excess supply of emigrant workers from different countries may be one of the reasons for the reduction in wage rates. Though the reduction of wage was effected earlier, it became more acute since 1996. The categories of workers who returned due to reduction in salary include those who worked more hours for the same wage rate, default in payment of salary for major part of the year and no salary payments. Five per cent reported that they were forced to work more hours for the same wage rate. Fourteen per cent reported that they were not paid any salary for periods ranging between six to eight months. Another 6 per cent reported the default in payment as the reason for their return. Thus, the default in payment and reduction in salaries were the other reasons for the return of sample returnees.

Those who returned due to strict enforcement of immigration laws were persons without proper travel documents and those who lost their passports and other documents due to the changing of their employers without permission. Fourteen per cent of the sample returnees returned due to sickness and other health problems. The acute weather condition is also a factor which contributed to the health problems. One per cent reported accident and the consequent unfitness to work as the reason for the return. The causes mentioned under others include those who returned due to age, family problems and for starting businesses.

In order to identify the relationship between year of return and the causes of return we have provided a yearwise break-up of the sample returnees. It is revealed that the sample returnees started returning since 1980. During the decade of the 80s and the first half of 90s the percentage of returnees who returned due to no job opportunities and salary cuts was lower. On the other hand, there has been a sharp increase in the return of emigrants due to no job opportunities and reduction in salary since 1996 (Table 10). A significant finding is that the percentage of people who returned due to health and the other reasons were lower since 1996 compared to earlier periods.

To understand the major causes of return between 1996 and 1999 we have provided a yearwise and causewise break-up of the sample returnees. The survey finding suggests that the reasons for return of all the sample returnees during 1996 from UAE, Oman, Saudi Arabia and Kuwait

were no job opportunities, reduction in salary and immigration laws (Table 11). During 1997, the percentage of returnees who returned due to no job, reduction in salary and immigration laws was 83 per cent from the three countries. In the subsequent two years 71 per cent and 92 per cent returned due to the above reasons from these countries.

In order to assess the future prospects of emigration to the Gulf countries, we have ascertained the views of sample returnees. We have asked the views of those who returned up to 1995 and those who returned after 1995. Majority of the sample returnees who returned during the decade of the 1980s, and first half of 1990s and the second half of 1990s expressed the view that there is no future prospects of emigration in the Gulf. Eighty per cent of the returnees who returned from UAE since 1996 were of the view that there is no future prospect of emigration to the Gulf. Seventy-five per cent of the sample returnees who returned from Oman also expressed the same view. On the other hand, all the sample returnees from Saudi Arabia were of the opinion that there is no future prospect of emigration to Saudi Arabia. In this connection it may be noted that Saudi Arabia has stopped issuing visas to a number of categories of workers belonging to India since 1997. The evidence presented above clearly gives an indication of the gloomy prospects of future Indian emigration to Gulf countries.

### Current Status of Return Emigrants

The returnees have provided information about their current job status. We have used usual status definitions to define employed and unemployed persons. According to usual status, an unemployed person is defined as follows: a person without any gainful employment during the major part of the year who is actively seeking a job or is available for work. The survey findings suggest that of the total

sample returnees, 51 per cent were unemployed, 36 per cent casually employed and 13 per cent self-employed (Table 12).

A major economic consequence of return migration is the increase in unemployment. The returnees reported that majority of them could not find any gainful employment in spite of their best efforts. The returnees who returned since 1996 reported that they had to wait long periods to find some gainful employment. The average waiting period ranged between six months to one year. A general tendency noticed among the returnees was that only those who were very poor with low educational level were prepared to work as casual labourers. On the other hand, those who had some saving from emigration preferred to be self-employed. An agewise distribution of the returnees unemployed revealed that nearly 29 per cent of them belonged to the age group between 25 and 44. More than one-third of the unemployed belonged to the age group of 45 and 49. This suggests that the unemployed are still in the working age group.

The survey revealed that the incidence of unemployment among the returnee households was very high. The survey estimated the unemployment rate in the returnee households as 55 per cent. This indicates that the returnee households have severe unemployment. The work participation rate in the returnee households was also very low. The work participation rate is estimated as 15 per cent. This suggests that the share of economically active population is very low in the total population. The large-scale return of emigrants and the

**Table 11: Percentage Returned due to No Job, Reduction in Salary and Immigration Laws**  
(Per cent)

Country	1996	1997	1998	1999
UAE	100.0	100.0	60.0	100.0
Oman	100.0	75.0	100.0	75.0
Saudi Arabia	100.0	66.7	100.0	100.0
Kuwait	100.0	-	-	-
Total	100.0	83.3	71.4	91.7

**Table 10: Causes for Return**  
(Percentage in brackets)

Year of Return	No job	Reduction in Salary	Immigration Laws	Health	Others	Total
1980-90	3 (8.8)	3 (15.0)	-	3 (27.3)	4 (44.4)	13 (16.3)
1991-95	9 (26.5)	6 (30.0)	4 (66.7)	7 (63.6)	3 (33.3)	29 (36.2)
1996-99	22 (64.7)	11 (55.0)	2 (33.3)	1 (9.1)	2 (22.2)	38 (47.5)
Total	34 (100.0)	20 (100.0)	6 (100.0)	11 (100.0)	9 (100.0)	80 (100.0)

consequent fall in remittances since 1996 has led to recession in the town resulting in the fall in employment opportunities.

The study revealed that nearly 36 per cent of the sample returnees were employed in casual activities. The persons who were engaged in casual employment were skilled construction workers like masons, painters, carpenters and electricians, salesmen, unskilled workers etc. It may be noted that majority of the persons engaged in casual employment are skilled construction workers. The shortage of construction workers experienced in many parts of Kerala may be identified as the basic reason for this.

Of the total returnees nearly 13 per cent are engaged in self-employment activities. The persons who reported that they are self-employed are mainly engaged in small trading activities. They have started small shops selling provisional items, fancy articles, cycles, tea, etc. A majority of them have used their own savings ranging from Rs 19,000 to more than one lakh for starting the shops. Among the returnees only few have deposited their savings in the banks. It is reported that 6 per cent of the returnees have deposited their savings in the banks ranging between Rs 1 to 1.5 lakh. The interest from the deposit is the principal source of income to the returnees. The survey finding suggests that the returnees do not have much income from other sources. It is revealed that 14 per cent of the returnees have some meagre income from other sources like livestock and land.

Due to lack of employment and lack of income a majority of the returnees reported that they were facing serious financial problems. The remittances received from the Gulf was their major source of income and they were in distress due to the stoppage of remittances. Of the sample returnees who reported severe economic problems, 56 per cent were facing serious financial problems. Another one-third reported that they were in severe crisis due to unemployment. Eleven per cent reported debt as the reason for their economic crisis. It may be noted that those who returned since 1996 were facing severe economic problems compared to those who returned earlier.

The survey findings suggest that 43 per cent of the returnee households were in distress and were forced to sell their properties. The magnitude of distress is evident from the distress sale of land and houses. Nine per cent of the returnees reported that they were forced to sell their houses due to their return. Another 34 per cent

of the returnees sold their land due to distress. This suggests that the return has resulted in severe economic hardships to the migrant households.

### Economic Consequences in Varkala

In order to get an idea about the macro-economic changes that have been taking place due to the exodus of emigrants, we have collected information from travel agents, merchants associations, leading traders, banks, real estate agents and returnees associations in Varkala town. The information collected from the above sources suggest that there has been a continuous fall in remittances in Varkala since 1996. Some of the banks in Varkala town reported that the fall in remittances was nearly 33 to 40 per cent during a period of one year between 1998 and 1999. The merchants associations and leading traders stated that Varkala town has been experiencing a recession since 1996 and the indicator is the fall in the volume of trade. They reported that the trade of textile products registered a fall of 50 per cent since 1996. The fall in the sales of construction materials like cement, iron rods, sanitary items, electrical items, paints and flooring materials was about 40 per cent. The fall in the sales of provisional items and other consumer goods was reported as 30 per cent. There has been no demand for new rooms to start shops in the town. The fall in trade is attributed to the decline in the purchasing power of the people due to the return of large number of emigrants.

The exodus of emigrants has resulted in a sharp fall in construction activities in the town. There has been a fall in the construction of houses, other category of buildings and works involving land improvements. It is reported that work on many houses is left incomplete. Another consequence was the fall in real estate prices. Prior to 1996, a lot of money was invested in land and real estate anticipating price increase. But since then, there has been a fall in the price of land and real estate. It is reported that the fall in price of land in the town was in the range of 40 to 50 per cent since 1996. This evidence suggests that the major

cause for the economic recession in Varkala town is the large-scale return of emigrants and the fall in remittances.

### III Conclusions and Policy Suggestions

The above analysis may be concluded with the following observations. Kerala has been witnessing an unprecedented exodus of emigrants from the Gulf countries. Available evidence suggests that the large-scale exodus will continue in the coming years. The exodus of emigrants and fall in remittances have already created a recession in 10 districts of Kerala where the incidence of emigration is very high. Varkala is one of the towns in Kerala which witnessed unprecedented socio-economic changes due to Gulf migration during the last three decades. But the large scale return of emigrants and fall in remittances since 1996 had resulted in severe economic recession in the town. The emigrants from Varkala mainly migrated to UAE, Oman and Saudi Arabia. These emigrants worked as construction labourers, mechanical staff and drivers, sales workers, clerical staff and other categories. They were not able to save much because they had to spend the entire cost connected with travel, food, accommodation and health care, from their wages. The study revealed that the large-scale return of emigrants was due to lack of job opportunities, reduction in wage rate, strict enforcement of immigration laws, health problems and other reasons. The decline in job opportunities is reported as the principal reason for the return of emigrants. The policy of reducing the wage rate since 1996 was cited as the other major reason. Many workers were forced to return because they were not paid wages for six to eight months. Health problems are also cited as another cause for the return of emigrants. More than 75 per cent of the returnees who returned after 1996 expressed the view that there is no future prospects of emigration in the Gulf. Among the returnees, majority were unemployed and facing serious financial problems. The

**Table 12: Present Status of the Returnees**  
(Percentage in brackets)

Year of Return	Self-Employed	Casually Employed	Unemployed	Total
Up to 1990	1 (7.7)	2 (15.4)	10 (76.9)	13 (100.0)
1991-95	3 (3.3)	11 (37.9)	15 (51.7)	29 (100.0)
1996-99	6 (15.8)	16 (42.1)	16 (42.1)	38 (100.0)
Total	10 (12.5)	29 (36.3)	41 (51.2)	80 (100.0)

information collected from the travel agents, merchants associations, traders, banks and returnees associations show that Varkala town has been experiencing a recession since 1996 due to large-scale return of emigrants. As the exodus of emigrants have created a grave situation in Kerala, a few policy suggestions are presented.

### Policy Suggestions

(1) The union government should conduct a study to assess the trend, pattern, magnitude and causes of the exodus of Indian emigrants from the Gulf. A detailed examination about the changes in labour market, immigration policies, problems faced by the emigrants and causes of the exodus of emigrants in the major Gulf countries should be attempted. The study should also assess the present and the future skill requirements of the emigrant workers in the Gulf. Based on the study, measures have to be taken to sustain the emigration to the Gulf and to find alternative destinations for those who returned.

(2) The government of India through the Indian ambassadors should initiate steps to prevent the exodus of Indian emigrants. The governments of the Gulf countries may be requested to relax the immigration rules and other restrictions on Indian emigrants. As non-payment of wages is one of the major problems faced by the Indian emigrants especially those engaged in low paid jobs, the embassies may take necessary steps with the authorities of the Gulf countries.

(3) In order to rehabilitate the return emigrants, one policy option is to provide bank loans to engage in self-employment or gainful employment. There is a wide spread complaint from the returnees that the commercial banks, both public and private are not giving loans for doing self-employment. A bank loan up to Rs 5 lakh may be given to those returnees who belong to low income groups and wish to engage in self-employment. The Reserve Bank of India should change the credit policy and instructions may be given to the commercial banks to provide credit to return emigrants.

(4) The government may think of implementing a pension scheme to give financial support to the category of emigrant households who are identified as distress households. This includes emigrants who lost their lives due to accident, sickness or other reasons in the Gulf, terminally ill and unable to work and who

were the main earner of the family. Besides this, the households should not have other income earning assets or income from other sources. This category of distress households should be given a monthly pension provided the emigrant had worked at least for five years in the Gulf. This scheme may be implemented either by the central or state government.

(5) In order to rehabilitate the return emigrants, first we have to identify the returnee households and those households which need immediate support. For this purpose, the local bodies in the state should conduct an IRDP type of survey to identify the returnee households which are poor and in distress. The local bodies will have to maintain a register for this purpose. The financial and credit support given to the poor households for employment and construction of houses should also be given to the emigrant households which are below the poverty line.

(6) The state government should take initiatives to provide loans to the returnees who wish to engage in self-employment or gainful employment. This can be done through financial institutions coming under the state government such as cooperative banks, Kerala state financial enterprises, Kerala finance corporation, cooperative credit societies, etc.

(7) At present, the state government has no agency to provide correct information relating to various aspects of emigration such as travel, visa and work permit requirements, working conditions in the Gulf, emigration rules of the Gulf countries, etc. Due to lack of knowledge the prospective emigrant is totally ignorant of the conditions in the Gulf. In this context it is suggested that a special information cell attached to the district information office should be started for the purpose. Another alternative is to recognise some of the leading travel agents as agents for providing information to the public. Government may also publish a pamphlet for this purpose.

(8) In Kerala, a substantial share of the young labour force migrates to foreign countries for employment. In order to promote migration, Kerala has to change the educational system. Taking into consideration the changes in the skill requirement and professional expertise in the labour importing countries, we have to make basic changes in the educational system. As this is a complex issue, it is suggested that the state government may constitute an expert committee to study and give recommendations. **EPW**

### Notes

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