

COVID-19 Pandemic and Exodus of Keralite Emigrant Workers from GCC Countries: Causes of Return, Activity Status of Returnees and Economic Impact

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Summary

Estimate of the stock of Indian and Keralite emigrants in GCC countries and exodus of emigrants

- Of the total stock of Indian emigrants in the world, major share (53.5 percent) is in Gulf Cooperation Council (GCC) countries, viz. United Arab Emirates (UAE), Saudi Arabia, Oman, Kuwait, Qatar and Bahrain. The UN Population Division has estimated the total stock of Indian emigrants in the world as 178.69 lakh and Indian emigrants in GCC countries as 95.68 lakh in mid-year 2020.
- As per India's repatriation mission (Vande Bharath Mission), 40.24 lakh Indians were repatriated from GCC countries due to COVID-19 crisis up to 30th April 2021.
- According to NORKA, the total Keralite emigrants returned due to COVID-19 crisis from GCC countries was 14.15 lakh as on June 2021.
- Of the total Keralite returnees (all foreign countries), 14.71 lakh, 59.3 per cent returned from UAE, 11.7 percent returned from Saudi Arabia, 9.7 percent returned from Qatar, 9.1 percent returned from Oman, 2.9 percent from Bahrain, 3.5 percent from Kuwait and 3.8 from other countries.
- According to our estimate, the total Keralite emigrants in GCC countries will be in the range of 25 to 30 percent of the total stock of Indian emigrants (95.68 lakh) in the mid-year 2020. And Keralite emigrants will be in the range of 23.9 lakh and 28.7 lakh in mid-year 2020.
- According to our estimate, the total remittances received in Kerala through formal channel (banks and non-resident exchange houses) and informal channels (transport of goods, gold etc when migrant travel to Kerala) was Rs 1,02,110 crore in 2017

(formal channel Rs 85,092 crore (RBI estimate) and informal channel Rs 17,018 crore). Informal channel remittance is assumed as 20 percent of the formal channel.

Finding of a survey of 404 Keralite return emigrant workers: Causes of return

- The survey was conducted by interviewing 404 return Keralite emigrant workers belonged to six Grama Panchayats and five Municipalities in Kannur, Kozhikode, Malappuram, Pathanamthitta and Thiruvananthapuram district during July 2021 and November 2021.
- The study found that 49.5 per cent of the sample emigrant workers returned were from Saudi Arabia, 18.8 per cent returned from the UAE, 11.1 per cent from Qatar, 7.2 per cent from Oman, 6.7 percent from Bahrain and 6.2 per cent from Kuwait.
- Of the total 404 returnees, 17.1 percent returned prior to spread of COVID-19, 31.4 percent returned during the peak period of COVID-19 (March 2020 and July 2020) 29.2 percent returned (August 2020 and Dec 2020) and 22.3 percent (January 2021 and July 2021).
- The returnees have identified five major causes of return, viz. (1) closure of secondary and tertiary sector units in which they worked, (2) reduction in salary, (3) non-renewal of work permit, (4) return to home or origin country by availing leave and (5) voluntary return.
- Closure of shops, restaurants, service units, industrial and construction activities due to spread of COVID-19 and pandemic induced disruption were major causes of return. It is reported that 32 percent of the sample return emigrants returned to Kerala due to the closure of units or business in which they worked.
- Nine percent returnees returned due to reduction in salary and non-renewal of work permit. Thus 40.6 percent were force to return due to closure of units, reduction of salary and non-renewal of work permit.
- Fifty four percent of the returnees returned by availing leave or with the permission of the employer to return to native country. But they were not able to return back due to several reasons.
- All the GCC countries have been following migrant policy to reduce the unskilled and semi-skilled foreign workers prior to COVID-19 and after. The countries have been

following labour policies to provide maximum employment of native workers by replacing foreign workers in public and private sectors.

- Among the GCC countries Saudi Arabia has been pursuing the following anti foreign worker policy and ruthlessly implementing it. (1) The implementation of Nitaqat or nationalisation policy since 2011 had resulted in return of a large number of Indian emigrants. (2) Currently Saudi Arabia is implementing vision 2030 aims to reduce dependence on migrant workers. (3) For the past few years Saudi Arabia has been increasing fee for resident permit, work permit, resident renewal fees etc to a very high level with the objective to discourage foreign workers.

Returned on leave but stranded in Kerala

- Most of the sample returnees (54%) who returned on leave could not return due to COVID-19 disruptions.
- Of the total returnees from Saudi Arabia, 58% returned on leave but stranded in Kerala. Majority of the sample returnees from Oman, Kuwait and Qatar came on leave but not able to return.
- Most of the returnees had worked in the Gulf countries for more than ten years and they were forced to return to Kerala due to the COVID-19 pandemic. They were unsure of return to the country in which they worked.
- International travel restrictions, difference in vaccine policies, recruitment of migrant workers from other countries to replace returned Keralite emigrant workers are other reasons.

Loss of remittances shattered the finances of returnee households

- The sample returnees told us that their households have somewhat of a sound financial situation prior to the return of them. The return emigrant workers had been sending remittances on a monthly or regular basis to their households.
- They used to send an average monthly remittances ranging below Rs 5,000 and above Rs 20,000.
- Of the 404 returnees, 19 percent sent an amount ranging between Rs. 8,000 to Rs 12,000. Forty eight percent sent an amount between Rs 12,000 and 20,000 and 22 percent sent an amount above Rs 20,000 per month.

- These households had received an annual amount ranging between Rs 1.47 lakh and Rs 2.32 lakh per household.
- Due to the return of emigrant workers, the flow of regular remittances had stopped in 404 households. This is a great loss for the households who mainly relied on the remittances for meeting their household expenditure. This loss of remittances have shattered the finances of all the sample returnee households.

Employment status after return

- Of the 404 returnees, 286 persons (71 percent) remained unemployed without any employment or income. This has resulted in increase in unemployment rate in the local labour market.
- Among the returnees in Kannur, Malappuram and Pathanamthitta districts, more than 75 percent remain unemployed.
- Of the 404 returnees, 116 persons have employment as casual labours or self-employment. 90 persons are working as casual labours and get a few days of work in a month (6 to 10 days). Another 26 persons are self-employed (small trade, business or autorikshaw).
- From these occupations they get a meagre income compared to the wage they received prior to the return.

Poverty and debt of the returnee households

- Of the sample return households, 21 percent belonged to BPL households (priority ration cards). Some returnees, after return have changed their ration cards to BPL.
- The main source of income of the majority of sample returnee households was remittances. Due to return, the remittances stopped.
- It is likely that majority of the sample returnee households will become BPL households, if the returnee emigrants won't get a chance to return.
- It is reported that out of 404 returnee households, 398 have borrowed money and have debt (98 percent).
- The major purpose of borrowing was construction of house, purchase of vehicles and land, medical treatment, education of children etc. The debt ranged between Rs 2 lakh to 14 lakh per household.

- Due to return and loss of receipt of remittances, majority of the households may find it difficult to repay the loans.

Bleak Labour Market

- A major finding of the survey is on the views of the return emigrants about the labour market situation prevailing in Kerala. The returnees firmly believe that the labour market situation and prospects of regular and remunerative jobs are bleak in Kerala.
- The returnees, who had regular jobs and earning monthly wages in GCC countries prior to return, are frustrated in the new labour situation in Kerala. They believe that remigration is a better option than finding a job in their locality.
- Regarding our question on the issue, 88 percent of the sample returnees told us that remigration is a better option than finding a job in Kerala.
- They have a strong preference for the remigration because they feel that through emigration, they can get a regular job, assured monthly income, assured monthly savings, and assured monthly or periodical remittance to their family and economic stability of their families.

Estimate about return emigrants who remained in Kerala

- According to our assessment of the total emigrant workers return to Kerala due to COVID-19 induced crisis (14.71 lakh), around 77 percent has already returned and around 23 percent remain in Kerala at the time of the survey.
- The share of returnees from Saudi Arabia who remain in Kerala is around 80 percent.
- The percentage of return emigrants who remain in Kerala from other GCC countries are as follows. UAE 10 percent, Qatar 40 percent, Bahrain 30 percent, Kuwait 20 percent and Oman 20 percent.
- We estimate that, of the total 14.71 lakh Keralites who returned to Kerala due to COVID-19 induced crisis, the returnees who remain in Kerala will be around 3.32 lakh.

Policy Suggestions

The policy focus should aim to give credit support to returnees to remigrate, give relief and support to the distressed households and provide assistance to find gainful employment.

- 1) **Bank loans for remigration.** Provide loans up to Rs two lakhs through banks and other financial institutions for those who wish to remigrate. Government may give an interest subsidy for the loan for one year.
- 2) **Provide credit support to the returnees** to find self-employment, start small business, engage in remunerative activities in agriculture, livestock or purchase motor vehicles or capital items to make an earning. An interest free loan up to Rs 5 lakh may be given through banks and other financial institutions. Interest subsidy may be given for one year.
- 3) **NORKA loan scheme to be continued.** The current loan scheme meant for providing assistance of NORKA may be continued for those who avail a loan of more than Rs 5 lakh.
- 4) **Change APL ration card to BPL.** In the case of returnee households who have APL ration card and who face acute distress and satisfy the norms of BPL ration cards can be given BPL ration cards. They may also be given other assistance eligible for BPL households.
- 5) **Three districts with large number of returnees.** Of the total returnees, 41 percent belonged to the three districts viz. Malappuram, Kozhikode and Kannur. In giving the benefits mentioned above, priority should be given to the returnees belonging to the above three districts.
- 6) **Anti-recession package for 3 districts.** As the three districts are worst affected due to the return from the Gulf, the government may implement an anti-recession package to revive the district economies.
- 7) **Pension to return emigrants who are suffering from chronic diseases.** An emigrant worker who worked in the foreign country for three years and was forced to return to the native country due to major accident involving physical disability or due to chronic diseases like cancer, stroke, heart attack, kidney failure etc. may be given a monthly pension of Rs 1,500 till his death.
- 8) **Promotion of investment of emigrants and return emigrants.** (a) Encourage industrial investment in small scale industry by giving units in the industrial parks to emigrants. (b) Industries Department should help the prospective investors by providing viable project proposals and other assistance for starting the units and (c) Single window clearance for starting industrial units.
- 9) **Employment policy of state.** According to this survey the basic objective of the Keralite emigrant workers who migrate to Gulf, is to find a regular job, assured

monthly income, assured monthly savings, assured remittance and achieve economic prosperity of their families. The education, labour, employment, fiscal, investment and credit policies of the state should aim to achieve regular and remunerative employment to the unemployed labour force. A favourable investment climate is to be created for the growth of secondary and tertiary units which employ sizeable number of regular workers. All government departments, semi government organisations and local governments shall follow conducive policies to achieve this.

10) Assessment of labour market changes in GCC countries. Of the total stock of Indian emigrants in the World, the share of GCC countries is 53 percent. Constant assessment of changes in labour market and changing demand for Indian migrant workers in GCC are crucial for India. And the government of India should take steps to conduct studies to assess the changes in labour market in GCC countries, the future skill requirement, the categories of emigrants likely to be returned and the measures need for smooth emigration.