Chapter Six

INDIAN MIGRANTS AND THEIR IMPACT ON ECONOMIC DEVELOPMENT
AND SOCIAL TRANSFORMATION

The emigration of Indian labour began with the abolition of slavery in the British Empire in 1934. It arose from the needs of British planters in the tropical and sub-tropical colonies for a regular supply of agricultural labour (P. Shah, 1970). One finds Indian labour in large number settled in four colonies, namely, Mauritius: (259,098), British Guayana (122,282), Trinidad (85,885) and Jamaica (15,276).

Indians were the main immigrant workers for the West Indian sugar colonies in the middle of the 1940s. Before that a few hundred Indians or Indian labourers were introduced in Guayana by some private initiatives. The background to the introduction of Indian labourers to Mauritius was almost similar to that of the West Indies. Large scale immigration commenced officially in 1934, while it started in the West Indies in 1845 and continued till 1917, which later on diminished.

According to one estimate there were 2,000,000 Indians living in Asian and African countries. They originally came with the British and other colonisers. In the 19th and 20th centuries Indians emigrated mostly to Mauritius, British Guayana, Trinidad, Fiji, Natal, Sri Lanka, UK, Australia, New Zealand, Canada, America and to the Gulf countries (A. Ali Sayed, 1984). Despite the fact that the maximum number of Indians were living overseas, in Burma, the proportion of the Indian
population to the total population is only 6.9 per cent. However, in Mauritius, the Indian migrant population is proportionately high and it was as high as 63.4 per cent. Similarly in British-Guayana and in Fiji island Indian-nationals constitute about 47 per cent of the total population. In Sri Lanka it is about 12 per cent, Malaya 11 per cent, Trinidad and Tobago 35.1 per cent and Jamaica 2 per cent.

As per the Indian census figures, the total migrants to the British colonies were recorded to be 1517204 in the year 1911 and it increased to 1623481 during 1921. Recently in the Gulf region Indian migrants are in large number and earn 5 to 10 times more than what they earn in India depending on the jobs which they handle (World Bank, Development Report, 1984).

UAE always prefers Indian migrants because if the UAE had to import labour from one of the countries of Europe, or from the USA, certainly they will have to pay more. Further for Indian migrants like their Asian counterpart wages are high and the opportunities to save are great inspite of the high cost of living. Housing of barrack style is provided for construction workers, but some of higher quality is provided as well by employers on free rent. Medical facilities are generally provided to the migrants. Food is often available in the canteen and those who want to eat outside low cost Indian restaurants are also available for them (Myron Weiner, 1982).

The main cause of the increased migration to UAE has been due to the development of the Nation's economy and the expansion of oil
revenue, and improvement of transportation network (K.G. Fenelon, 1973). The migrants come to the country to seek jobs in the industrial and service sectors and migrants with special talents, may find private employment as traders and shopkeepers (R.S. Harrison, 1972). From the economic point of view, the Indian participation in various construction and city-developmental activities. Many Indian private firms are operating in UAE and in other Gulf countries. Even at the Governmental level, bilateral projects have given another spurt in increasing the total volume of migration.

The large scale labour migration to the Gulf regions is mainly due to the liberal migration policy of the government of India. In the process, the government gains a substantial amount of revenues derived from the cost of air tickets, passport fees, income and sales tax on job requirements and job training agencies and import duties (A. Fred and N.M. Shah, 1984). Weiner (1982) refers to the precarious political position of the Indian community in the Gulf, "that makes the Indian government reluctant to build remittances to their foreign exchange or to make any long-term assumptions about the role of emigration in relieving unemployment in selected regions of the country" (R.T. Appleyard, 1984).

Social factors play an important role in the growth of labour migration. The categories of professional manpower in UAE show a substantial in the migration of Indian Muslims as well as non Arab-Muslims. Most of the Muslims and Christians from Kerala who have
migrated to the UAE were unemployed before they left India. Very few Hindus such as Brahmins or Nairs are also migrating in recent years (Richard Thomas, 1982). Many of the Indian migrants prefer to extend their stay in UAE as they get better opportunities and job security in the private sectors. In recent years Indian migrants also get import permit and they run departmental stores too. These are mainly in the port cities like Dubai and Abu Dhabi (Myron Weiner, 1982). In recent years the Islamic social pattern of Gulf countries is disturbed due to intermingling of foreign labour migrants. The migrants have begun to assert their identity in community living. For example, in the Indian sport club in Dubai, Abu Dhabi, the middle class migrants can meet each other, eat, engage themselves in sport activities and in other social life. The clubs are expanding rapidly and several have constructed new tennis courts and play grounds etc. Indian Schools are also run by the migrants. The demand is high as middle class migrants now prefer to keep their children with them than sending them to India for education (Hindustan Times, April 1984).

Problems of Indian Immigrants

Despite the opportunities and provision, migrants in the Gulf region the migrants have to face many problems.

1 The Muslims of Kerala provided the major source of supply of labour, in the beginning since they had far variety of historical and religious reasons easy access to this region. Later other communities also joined the fray and exodus of Keralites to this region is still growing. Nairs, a high caste Malayalees, are not present in significant numbers in the Gulf, presumably because, like Brahmins, they are more likely to be effected by caste-taboos (such as not crossing the sea) than lower castes.

2 The lower income migrants who leave their families in India are also demanding more educational opportunities for the children within India.
While going to the Gulf countries Indian migrants are facing problems which relate to the passport, visa and clearance etc. It was found that many of them were able to go abroad, getting the help from their relatives and friends already working abroad.

Some of the Indians had gone abroad on the basis of agreements with foreign employers. In such cases, the employers provided visas and met the entire travel expenses. But some of them had to pay sums ranging from Rs.2,500 to Rs.10,000 to get the clearance. It is said that some of the foreign employers also take money for issuing the visas etc. As Indians are used to the community life they also find it difficult to part with friends and relatives.

For entry into the countries in the Gulf region, a no objection certificate (NOC) from the host country is necessary. The reunification of the process of securing no objection certificates are many and varied. At present this thriving business persists and the market rate to get the no objection certificate is approximately Rs.15,000 though it varies (E.T. Mathew and R.G. Nair, 1978). On the other hand some migrants can get no objection certificate and visa through private professional agents and the prospective employers (including Governments) in the host countries (Commerce Research Bureau, 1973). 3

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3 The company sponsored migrant will in any case be unlikely to have incurred "Travel expenses" of more than Rs.2,000/- and is thus doubly fortunate compared to his illegal compatriot.
E. T. Mathew and Nair, in their survey on Kerala, noted that the close relatives sometimes secure and send the NOCs to the prospective migrants either free of charge or at actual cost involved, while other relatives and friends usually take some profit out of the transaction. Actually the professional agents are engaged in a sort of auction sale in which NOCs are sold to the higher bidders. Such bidders usually happen to be those who do not have friends or relatives abroad willing and able to assure for them the no objection certificates. These persons lack staying and bargaining power in relation to other educational qualifications and work-experience. Therefore, the weakest purchaser can pay the highest price to obtain no objection certificates. Sometimes NOCs supplied by prospective employers are free of cost (E. T. Mathew and Nair, 1978). There have been many incidents, when the emigrants have paid money to the tune of Rs. 12,000 to Rs. 15,000 to go to oil rich countries to get jobs on the assurance of income of upto Rs. 5,000-7000 per month. They were told to assemble at a fixed place, but on that promised day they never found any trace of the persons who took their money. Some of them would be ready to sell all their wealth to go to the UAE so to make more. Another problem is that prior to migration, the length of waiting time after paying the recruitment fee to the agents is substantial and sometimes unbearable.

4 No Objection Certificate (NOC) has to be obtained from the host Government before a visa can be issued. Migrants recruited directly by farms are spared the difficulties and expense incurred in the acquisition of NOCs, but an unsponsored migrant can pay between Rs. 2,000 to 12,000 for them over an above agents' 'fees'. NOCs come in different shapes and sizes, an employment NOC for Dubai or Abu Dhabi at the top of the scale and visit for (either) e.g. Bahrain or Oman far lower down. Even these, however, are touted for upto Rs. 2,000 and NOCs have become favoured do items.
Consumption patterns change when migrants reach UAE or any of the Gulf countries. Acquired tastes prove difficult in the beginning for adaptation. Only a few can adapt to the changes. Most migrants had to train themselves in the early days of their arrival to the UAE. They have to adapt themselves to the climate condition, the new social set up, different types of people, rules and regulations etc. (Ismail Serageldin and J.A. Socknat, 1983). There are migrants who work the hardest but are paid the least. Discrimination is done to them because they are non-arabs (J.B. Kelly, 1976). Therefore leading formal religious life is more problematic for Indian migrants (Myron Weiner, 1982). Since late 1970s unemployed foreign workers have found in difficult to renew their work permits and residence permits hence they have been liable for deportation (UN, Eco. Commission for West Asia, 1980). In 1980 a law was promulgated by the UAE to limit the period of stay of new emigrants to five years and to force workers to leave at the end of their contracts. When the above legislation came into force in June 1980, around 7,000 Indians faced immediate repatriation (Monday Morning, 1982).

Initially, the Indian Government did not discourage labour recruitment agencies to increase the scale of their operation, as the Indian labour market with some 261 million workers already exists. On the other hand, during 1977-78, the Government began to control this system of labour recruitment. Intervention became necessary. The government has introduced licensing and control of agents and has tried to secure better conditions of employment (Ismail Serageldin & J.A. Socknat, 1983).
**Migrants' Absorption and Adjustment:**

Participation of Indians in the labour market of the UAE and other countries have increased steadily during the 1970s. Since 1973, the agencies which supply labour to clients in the Gulf states have played a greater part in organising the migration, and Indian supplies of labour have become organised in response to the new large scale requirements. The labour supplying agencies became prime movers for sending out workers (J.S. Birks and C.A. Sinclair, 1980).

Indians work in some of the ambitious socio-economic development schemes like buildings for basic infrastructure, roads, airports, water desalination etc., and institutions such as schools, hospitals, housing, community centre and appropriate sections of the bureaucracy for their maintenance and operation. A large number of workers are in the construction industry as unskilled workers, skilled craftsmen, civil engineers, managers. The second-large group is absorbed by private sector firms for building and other miscellaneous project works.

Fluctuations have taken place in the absorption pattern due to the social problems which all the oil countries want to avoid. The maintenance of religious and moral values of Islam made them take precautions during absorption, particularly after hearing of Hindu-Muslim riots in India which they cannot even dream entering into their land. They even try to develop human resources through education, professional training, and improved health standards so that they may reduce the number of absorbed labourers (J. Costa Frank and G. Noble Allen, 1986).
The efforts for prosperity and stability entailed its increased connections with the industrialized west -- the source of technology, goods, security and market for oil. Also, other Arab and third world countries like India provide much needed skilled and unskilled manpower which is supplied through the agents. Social changes have necessitated the import of teachers, doctors and other professionals. The absorbed labourers outnumber the entire labour force in construction activities. The massive injection of capital has resulted in the rapid modernization of armed forces requiring military advisers and instructors who had to be absorbed from the US and Europe and from country like India (Ken Whittingham, 1986).

A nationwide census was carried out in December 1980, with the assistance of United Nations advisers in the UAE. It showed that the population had reached 1048,300, an increase of over 86 per cent since 1975. The overwhelming majority of the male population is an indicator of the large number of alien population, which grew from 288,000 in 1970 to 514,000 in 1980 (Myron Weiner, 1982). Foreigners, most of whom are unskilled Asian workers have formed the overwhelming majority of population. According to the 1980 census, the ratio of UAE nationals to migrants was 20.7 per cent national and 79.3 per cent immigrants. Despite the diversity of nationals represented in the UAE labour force it can be seen from the figure quoted that the dominant religion of the population is Islam. The official language of the federation is Arabic, although English is widely spoken and
used for commercial purposes (Middle East Contemporary Survey, 1982).

In 1970 UAE had 62,000 migrants from Arab countries, 100,000 from Pakistan and 61,500 from India and rest of the immigrants belonging to other Asian, European and American countries. According to this, UAE did not have a migrant population from Africa. The total number of expatriates population in the UAE from all countries come to 251,500 (1975) (Philip J. Martin and F. Marion, London, 1979). The participation rates of non-nationals far exceed those of the nationals.

The population structure of the UAE is given here in the following table.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Emirate</th>
<th>Nationals</th>
<th>Non-Nationals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Abu Dhabi</td>
<td>69,000</td>
<td>380,000</td>
</tr>
<tr>
<td>2.</td>
<td>Dubai</td>
<td>42,000</td>
<td>236,000</td>
</tr>
<tr>
<td>3.</td>
<td>Sharjah</td>
<td>48,000</td>
<td>111,000</td>
</tr>
<tr>
<td>4.</td>
<td>Ajman</td>
<td>11,100</td>
<td>25,000</td>
</tr>
<tr>
<td>5.</td>
<td>Ras al-Khaimah</td>
<td>39,700</td>
<td>34,000</td>
</tr>
<tr>
<td>6.</td>
<td>Rujairah</td>
<td>23,200</td>
<td>9,000</td>
</tr>
<tr>
<td>7.</td>
<td>Ummal Qaiwain</td>
<td>7,200</td>
<td>13,100</td>
</tr>
<tr>
<td>TOTAL</td>
<td>240,200</td>
<td>808,100</td>
<td></td>
</tr>
</tbody>
</table>


According to the available data the total nationals in all the emirates of UAE was 240,200 and non-nationals was of the order of 808,100 during 1980. The population structure of all the emirates
shows that the non-nationals far exceeds the nationals. Among the Emirates, Fujairah and Ras al-Khaimah were the only emirates where the national exceeds non-national population. Among the other emirates, the leading emirates which had very high population of non-nationals than nationals were Abu Dhabi, Dubai followed by Sharjah and Ajman. If illegal migrants were also counted then the number of alien (migrants) population was estimated to be higher by another 2,000,000 (Migdle East Contemporary Survey, 1985).

The UAE Government had expected that since a number of major construction projects has gone down in 1980s the foreign population was also expected to decline, but this was not the case. Authorities have issued decrees to ensure that the migrant workers should leave the country when their original term of employment expires. Secondly, punishment would be given to those who refuse to leave the country (Qatari National Agencies, 1982).

It is little wonder that the immigrant communities as a whole harbour a feeling of resentment towards the government since they are residents of the respective areas and whose labour and skills have contributed greatly for the development of UAE. They have no civil rights, no legal standing, no customary recourse, though in many cases their abilities are superior to those possessed by the natives who enjoy these very rights by the mere fact of birth. Indians and Pakistanis who tend to live in close knit communities, secure in their self esteem, are mostly content with their roles as merchants, clerks and
craftsmen, making substantial profits and a comfortable living (J.B. Kelly, 1976). Indian merchants and their Arab partners also have established an extensive illegal trade, sending India gold, watches, tape recorders and transistors etc.

There is also the Indian merchants association, which runs a club house (organised in 1963), which maintains a bar, shows movies, organizes dances and other functions. The Association has also established a school in 1962, which has a current enrolment of 3,800 children. The merchants have also built a Krishna Temple, which is well attended on every Hindu Holiday. However, there are restrictions on the members of the community not to take any procession and other public observances that would call attention to their presence and offend the religious sensibilities of the Muslim population.

On the other hand Indian films in Malayalan and Hindi can also be shown regularly in Cinema houses of Dubai.

Apart from these facilities, the Indian community has created a net work of local associations so to cater to its social needs, like the Malayalee Samajam, the Indian Centre, the Indian Ladies Association, the Indian Islamic Centre (an organization of Kerala Muslims) and St. Joseph's Club which is attached to the Catholic Church. Hindu festivals are also celebrated in schools, clubs and in shrines at home. The Indian Ladies Association runs a kindergarten and the Indian Centre and the Catholic Church each run a school (Myron Weiner, 1982).
Labour Migrants in UAE: Indian Vs. European, American, Arabs and Others

It is worthwhile to realize that the non-nationals cannot dream of getting or demanding what is offered to a national. It does not mean that all non-nationals are kept at the same level, when it is absorbed in the process of wage fixation or promotion. One cannot expect an Indian engineer, doctor or lecturer to be kept in the same place, where European professionals can be kept. There are certain sectors where the Indian migrants dominate others. Such things happen in projects undertaken by an Indian contractors, who are keen on employing Indian labour for various reasons. Firstly, they can be hired for comparatively low wages. Communication is easier here. They can also be expected to give their best in terms of labour, skill and commitment. In contrast, Asian migrants do not carry the baggage of political ideologies. However, Indian as well as all Asian migrants often are more skilled and they are willing to work anywhere in jobs which Arabs cannot accept. They do not require high cost housing and other facilities which the UAE provides to Europeans and Americans. Indians are paid less than Europeans and others. For example, wages on construction sites are sometimes below the market wages and even below those provided by contract (Myron Weiner, 1982).

The preference for Asian, particularly Indian workers is based on economic factors. The Indians are generally considered hard working, better trained, experienced, more productive - as well as they are available ... relatively cheap and in a well organized fashion. However,
the different studies have suggested that the policy-issues raised by Asian labour are substantially different than in the more traditional forms of migration of Arab citizens (Nazi Choucri, 1986). Coming of Indian migrant workers is on different footing as compared to the European or the Americans, and therefore their problems are more acute to be fully understood.

**Impact of Migrants**

Socio-economic impact of migrants to UAE varies greatly as the Indian migrants come from different family backgrounds. The migrants are usually young male adults and therefore the high proportion of males is obviously of great importance - as it directly helps in the working population of the UAE, as well as the whole of the Gulf regions.

**Demographic Impact**

As mentioned earlier, the majority of migrants are from Asian countries. By 1980 Indian accounted for about 60 per cent of the total immigration in the UAE. Moreover, other Asians such as those from Malaysia, the Philippines and the Republic of Korea and Pakistan had recorded steep rise in number i.e. at an annual rate of about 6 per cent during 1975-80 (UN World Survey, Population Studies, no.80, New York, 1982). The UAE strongly discourages immigration of dependents, and the family members. Here, the population of actively
employed Indians - range from 40-45 per cent which indicates that a very low per cent of the Indian population consists of their family members (Missa Samba, ILO/Geneva, 1980).

An analysis of the increase in the rate of population of Indian migrants in UAE would help further understanding the role of Indians in the economy of the UAE. Between 1960-65 and onwards up to 1975, the average annual increase in the population of the UAE was approximately 3 per cent per annum which had increased to 11.3 per cent in 1980. However, during this period, about 55,000 Arab expatriate received citizenship. The migrant workers increase at a rate of 28 per cent annually which has affected the composition and structure of the population (J.S. Birks and C.A. Sinclair, 1980). Recently a tendency of shifting from the primary to the secondary and tertiary occupations have marked a significant change not only in the United Arab Emirates but in the whole Gulf-region. This trend is possibly due to the slow growth of agriculture and low agricultural employment capacity and on the other hand rapid expansion of industries and infrastructure.

In these seven states of UAE, the rural population in the last decade decreased by about 2-3 per cent annually. This trend was not strong enough to radically transform the occupational structure of this country (Z.Y. Harshlag, 1975). In Dubai, Abu Dhabi and Sharjah the agricultural sector has been almost entirely left to the migrants. The Indian labour force is more or less qualified and skilled, and hence they have opportunity to work at the dry dock in Dubai oil industry and in the construction sector (World Encyclopaedia of Political System, 1983).
To understand the impact of migration on the population, it is essential to study the sex characteristics of the migrants. It was found that migration is mainly for economic motives and is highly selective migration. Generally the migrant population includes a large number of males than females and mostly of the young working age-groups. According to the World Bank study of labour migration in UAE, workers were mostly composed of single male and the average sex ratio among the migrant groups was 166 males per 100 females (UN World Survey, Population Studies No. 30, 1982).

The rapid increase in the number of migrants for employment and especially that of the young single male may be due to the policy of restricted family migration. There is a virtual freeze at present on the immigration of family members except for those who work as high professional and who came mostly from the developed countries. Indians as well as Asians have a large number of male surplus, and reveal the classic form of an important community in which male migrants form the high majority (UN Demographic Studies No. 64, 1979).

No doubt the migrants have affected the socio-economic scenario of the Gulf states, and especially more so of the UAE. The Indian migrants come from different social stratas. Moreover, they are relatively large middle class group from among the Muslims, Christians and Hindus (Charles Issawi, 1982). At least four categories of Islamic migrants are being associated within the Gulf countries. At present the UAE as well as the whole Gulf littoral is a checker board of
different religious communities (M. J. Fisher Michael, 1982). The migrants are mostly Muslims while others are Christians and Hindus (World Bank, No. 454, 1981). In general, the flow of professionally and technically trained migrants into the Gulf States appear to remain comparatively stable, or possibly it may even decline.

**Economic Impact**

To analyse the impact of labour migration on the economy of the UAE, the first and most important point to make is that without the foreign labour force the economy cannot expand and raise its standard of living and improve its services. It is again the foreign labour which offers them a major hope of economic diversification through industrialization. The rulers of the Gulf states have decided in their own interest that petro-dollars should be spent as much as possible in their own states, so as to improve their own quality of life. Secondly all the rulers try to limit their dependence by insisting on short-term contracts for specific jobs. This is the type of economy which the foreign labour has helped to raise, the national income and without it there could have been no such development. For example, the market created by foreigners is an important fact in increasing imports, which local nationals would be unlikely to buy.

The use of foreigners have also helped to preserve certain local customs, such as that of keeping Gulf women at home. There is no need for them to go out to work except for some pressing personal desires.
With the development of enclaves of foreign employment, the UAE benefits from a relatively low-cost supply of labour without associated political and social responsibilities towards the workers (Charles W. Stahl, 1982). However, the non-Arab migrants make up the largest significant total population in these seven states of UAEs and are engaged in skilled jobs in industry and advisory positions in the Government sector (J.S. Birks and C.A. Sinclair, 1980).

Migration has led to overcrowding in cities in these states and in some cases living standards are extremely low. In these circumstances the private informal sector has proliferated in sharp contrast with the situation in oil rich states. Manufacturing industry in real terms is the largest growing sector here. The output in this country is increasing rapidly at an overall rate of 6 per cent to 8 per cent per annum. Industrial development and consequent mark in increased output is mostly due to the migrants. Hence UAE will continue to rely on the service of migrant labourers for the same reason (M.A. Sherbiny, 1984). Secondly, there is a change in the output of agricultural production and the yield has increased from existing farm land (H.B. Jones, 1980).  

5 To improve these conditions it requires effective applications of technological skill on large scale, because of the migrants more land can be cultivated.
The cities in oil rich states particularly Abu Dhabi, Dubai and Sharjah are attractive to the migrants. The new city dwellers find it more difficult to adjust to the rising cost of housing. The Gulf states have been given adequate attention at the ministerial level and planned expenditure for housing has been increased. For example, in 1971-73 Abu Dhabi alone had spent BD 16 million on housing construction and 10 BD for UAE had been allocated to the improvement of housing and community facilities (A.J. Cottrell, 1980). In 1980, the total expenditure was 129.9 million UAE Dirhams while in 1982 it was 185.0 million UAE Dirhams (Middle East and North Africa, 1983).

The large influx of expatriate workers has left the cities with a major housing problem. Though a large number of houses and apartments are being built, the construction industry cannot keep pace with the demand for housing. The resulting shortage of housing is partly made up by building up-land with bank loans. The rulers of the Sheikhdoms also fear that absorbed foreign communities may threaten the existing political climate for disruptive activity or through active anti-foreign back-lash (Nazli-Choucri, 1986). They seek managerial control of all important foreign economic sectors. The absorbing countries wish to diversify the nationality mix of migrants as much as possible in order to avoid a situation of dependency on one numerically dominant foreign group.

Apart from fears of numerical domination, there is a concern amongst the policy makers in the Gulf state over the cultural impact
which expatriates have on the Sheikdoms and their customs. For example, Sheikh Sultan Bin Mohammed al Qasimi, ruler of Sharjah, has observed that, the migrant workers have caused problems and have had an effect on life, on traditions and on everything in general (Middle East Economic Digest, 1978). Actually, these concerns are separate from the economic costs of supporting crowded expatriate communities. The establishment of nuclear family groups amongst the immigrant communities is a major aspect of their growing political motivation and strength. As immigrant families become established permanently, their household heads become deeply concerned about how to secure rights similar to those of the nationals (Birks and Sinclair, 1980).

The Impact of Immigration on India

Socio-economic impact of the Indian migrants however their stay on UAE as well as on their native lands are many. On the whole the country benefits a lot through the migrants. The government of India gets rid off the unemployment question to some extent. India is the only country among the Asian countries to have as many doctors, nurses and engineers as the USA and the USSR. Thus these technically skilled people get a job go to country like UAE and bring in foreign exchange which in turn improves the living standard of the families concerned. Even uneducated and educated employees get their living standards improved while they start earning in the UAE.

The economic benefits are partially offset by the high costs of
securing jobs. These costs include commission fees by recruitment agencies, passport fees and the cost of transportation and accommodation during the job application producers.

At the national level, the major economic benefit is the receipt of remittances from contract workers, the reduction of domestic unemployment and underemployment, the acquisition of skill by overseas workers and variety of other benefits to the economy, such as tax revenues, and a rapid expansion of export to the Gulf. The potential benefit from these sources, is somewhat attenuated by a variety of adverse consequences such as wage and price inflation and unproductive use of remittances income and labour shortage in selected occupation (Charles, W. Stahl, 1982). The case of Kerala is a glaring example where land prices, even in a remote village is too high.

Other potential benefits of the labour migration to India include enhancement of export of revenues, increased profit for construction companies and other tax revenues. Government of India also gains a substantial amount of revenues from labour migration.

In India, the remittances were large enough in the 1970s which was used to bridge up the deficit in trade balance. This has enabled

6 Talking to a principal of a Kendriya Vidyalaya in Cochin on the impact of migrants to Gulf.
India to increase its reserves inspite of the rise in oil prices (Nazli Choucri, 1986). The following table shows the remittances from the migrants to India. It shows the size of remittances and their relation to trade and GDP (based on IMF figures).

<table>
<thead>
<tr>
<th>Year</th>
<th>Total remittances (US million dollars)</th>
<th>Compared with GDP %</th>
<th>Compared with Export %</th>
<th>Compared with import %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>232.1</td>
<td>0.3</td>
<td>6.4</td>
<td>5.4</td>
</tr>
<tr>
<td>1975</td>
<td>429.8</td>
<td>0.5</td>
<td>9.2</td>
<td>8.7</td>
</tr>
<tr>
<td>1976</td>
<td>641.9</td>
<td>0.7</td>
<td>11.9</td>
<td>13.9</td>
</tr>
<tr>
<td>1977</td>
<td>932.8</td>
<td>0.9</td>
<td>14.9</td>
<td>17.6</td>
</tr>
<tr>
<td>1978</td>
<td>1169.4</td>
<td>1.0</td>
<td>17.9</td>
<td>15.8</td>
</tr>
<tr>
<td>1979</td>
<td>1436.7</td>
<td>1.1</td>
<td>18.9</td>
<td>14.6</td>
</tr>
<tr>
<td>1980</td>
<td>1600.0</td>
<td>1.2</td>
<td>19.9</td>
<td>15.0</td>
</tr>
</tbody>
</table>


The overall remitted earnings as a percentage of GDP appears to be smaller. In 1974 the remittances were 23,201 US million dollars (0.3 per cent GDP) and export-value stood at 6.4 per cent, and import value was 5.4 per cent. In 1980 India got remittances around 1600.0 US million dollars and the GDP was only 1.2 per cent, at the same time Indian export was 19.9 per cent and import value was about 15.0 per cent. In terms of size, Indian remittances are about two-thirds of those of Pakistan. No official figures are available on the magnitude
of the remittances from the Gulf states, but unofficially the figures have been as high as $1.6 billion (Myron Weiner 1982).\(^7\) The Planning Board of Indian state of Kerala estimates that about $500 million in remittances from the Gulf flows in this state alone each year (Raju Kurian and D. Thakore, 1979).

By far the most important impact of Indian migrants is on the wages of the workers who have remained behind. For obvious reasons the impact should be most pronounced on the wages of the Indian workers with the skills that are predominant among the migrants. According to a World Bank report in some countries emigration has had a substantial impact on wages of the unskilled at home. Besides, the per capita income has increased two or three per cent per annum.\(^8\) It is clear that such a sharp increase in wages of workers has improved their relative position in society. This very significant increase in the real wages of unskilled workers has occurred at a time of large scale migration to this region. When migration slowed down towards the construction industry they have put more pressure on wages (S. Javed Burki, 1984).

Emigration provides a significant safety value for employment. It can be seen particularly from the state of Kerala, Karnataka, Maharashtra, Goa and Gujarat as well as from Punjab that India's emigration to the Gulf countries is very high (The Hindu, 1980). It is also seen

\(^7\) The Indian Government does not publish data on what proportion annual remittances comes from the Gulf states.
that among the educated unemployment is very high. For example, in December 1979 in Kerala, 1.2 million job seekers were registered with the employment exchange in 1979 and more than half of these migrants were educated, there were 512,000 high school graduates, 67,000 pre-degree certificate holders, 54,000 college graduates and 8,500 post graduates (Ibrahim Mathew, 1980). Also emigration tends to exaggerate rural-urban migration. First it encourages rural workers to register at city check points, and then the workers, on their return from abroad, decide to continue the urban occupation and refuse to return to rural areas. This happens in several Asian countries and particularly in the case of India (N.T.R. Sharma, 1981).

In India, skilled labour shortages have been felt in the construction sector. For example, Kerala is a state having high literacy and unemployment although there is shortage of skilled labour in the construction industry because of the element of selective migration. (One study reveals that two thirds of those migrated were employed at the time they left.) However, obviously emigration from India has not produced the kind of loss of human resources experienced by some of the Mediterranean countries. One of the most important impact of emigration is that the public sector Indian firms play an important role in the Gulf, e.g., Engineering projects India Ltd., (EPIL) and the National Building Construction Corporation (NBCC). The Government of India permits Indian companies to pay a lower wage to Indian workers so that they can successfully compete for contracts in
the Gulf against British, American, Cypriot, Korean and Japanese firms. Indian companies in the Gulf import some of their engineering equipments and construction supplies from India, while the Indian workforce in the Gulf imports consumer goods from India, including food, series and Indian films (Myron Weiner, 1982).

Moreover, religious life is very much problematic for the Indian migrants. The UAE Governments have permitted the building of Catholic Churches which can serve the religious needs of the large Indian Catholic population. But the large number of Hindu population has been more cautious in approaching the Government authorities for permission to build Hindu temples. The Indian community can celebrate their festivals in less conspicuous locations, or in private. The Indian community recognizes that the conspicuous display of religion in the form of temples, religious or marriage processions can be provocative in the Islamic state. The Indian community now imports Indian films.

There is a growing number of restaurants, and shops with imported Indian spices, fruits and other goods. Indian banks and newspapers are also available and one of the Kerala newspapers was planned to have a gulf edition.

Impact on Family and Individuals

In each case, remittances from foreign workers are an important source to India and to the families of migrants. The average Asian worker in the oil exporting Gulf countries is able to remit over 50-70
per cent of total earnings. Such a high percentage of earnings can be saved since workers are usually provided with airfare, free accommodation, local transportation and other facilities in the Gulf (Arnold Fred and N. M. Shah, 1984). Information on the income levels of the emigrants is the most difficult to obtain partly because they are reluctant to describe whatever little they know about it, (Mathew and Gopinathan, 1978). Of course, the money is used for enabling them to pay off debts, purchase land, build new houses, as well as send their children to school and pay for weddings (Myron Weiner, 1982).

Indian migrants enjoy good salaries in the UAE, and the average remittance per migrant was Rs. 11,700 in 1979-80. Therefore, Indian migrants in the Gulf countries spare at least Rs. 15,000 per year and send it to their families (Guardian, 1978). Living standard in these households has risen steeply and there is a building boom in the states and houses, cinemas and private clinics and good residences have sprung up even in the villages. More new cars are sold in Kerala than in any other state with the exception of Maharashtra, West Bengal, Tamil Nadu and Delhi (Sashikumar and B. Venon, 1978). The multiplier effect of the foreign money can be shown to have spread through the primary and secondary sectors, right down to the tertiary sector.

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8 Migrants from Kerala are criticized for their failure to put remittances into "productive" investment at home, but few investors in India have found Kerala an attractive place to invest. Banks, private firms, and the various governments of Kerala have not developed any incentives for migrants to invest their savings. Critics of the government of Kerala have said that the government has been more concerned with questions of income distribution and mobilizing political support than with marshalling resources for the development of the economy.
The inflow of money has transformed the social conditions. The migrants who returned from the UAE have improved their social and economic status by constructing permanent apartments in their native places or in the cities. The value of rural land has risen very high after the inflow of foreign money. Also housing and land prices in towns have increased in some states partly because of the inflow of foreign money particularly from the Gulf region. For instance, in Kerala, return migrants have raised the land price. It was high as Rs. 15,000 in some villages in Kerala in 1978. It is also true that labour rates reflecting the shortage of skilled men as a result of emigration and profiteering from the local building boom have also risen (Richard Thomas, 1982). Skilled workers like carpenters and masons are getting Rs. 22/- to Rs. 15/- a day, but before that they were getting only Rs. 14/- per day with commensurate rises for unskilled workers (Commerce Research Bureau, 1978).

In India, there has been a spurt in the number of cars, refrigerators, transistors, radios, tape recorders and taxis. Enrolment in educational institutions has also increased as potential migrants study Arabic and the children of migrants are sent to English medium schools. For example, in Kerala, it is generally said, remittances are used to invest for an improvement in the social status of life; whereas in Gujarat, business families reportedly use the remittances as working capital. In Punjab, many families use remittances to finance

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9 Agricultural labourers in Kerala were earning more than Rs. 10/- per day in 1978 which was the highest rate in India.
permanent migration to the United Kingdom (Myron Weiner, 1982). 10

Most of the families own domestic as well as foreign clothes, usually when a person returning from abroad brings with him some foreign clothes. They invest money on cereals, fish, meat and vegetable and others. Meat and fish is the second largest item of consumption expenditure. Receiving high remittances introduces more expensive food items in their diet, like fried instead of boiled food, wheat and rice instead of coarse grains and more poultry products. A substantial change has come about in relative prices for instance the price of chicken, eggs, vegetable and fruits has increased more rapidly. There has also been a boom in real estate. In India only 63 per cent of investment from remittances went in to the real estate including agricultural land (World Bank, World Development Report, 1984). The improvement in financial and social status of returning Muslims has contributed to the growth of Islamic schools.

A more general consequence is that most of the newly wealthy are either Muslims or low caste Hindus who were living in the traditional village society but now they are the owners of the largest and newest houses in the villages. A significant change has occurred particularly in the status

10 Some observers have noted that the improvement in the financial and social status of returning muslims in Kerala has contributed to the growth of Islamic schools, mosques and other institutions in the state. How much of the increasing political awareness, militancy, and in some localities, fundamentalism on the part of muslims is a result of return migration is unclear. Still other critics point to the "deradicalizing" effects of migration arguing that improving the income and status of migrants, increasing the wages of local people.
of poor labourers and socially depressed people. They have constructed big houses in good localities and started some business or other for future income. Some of the most successful of them have become socially and economically elevated in comparison to their status in their home villages and they have moved to the towns (Richard Thomas, 1982). Moreover, emigration is not totally without ill effect. Temporary migrants and their families often suffer because of long periods of separation, although there is evidence that women left behind have efficiently managed the household and family assets including agricultural land (World Bank, World Development Report, 1984).

The workers' family unit as a whole and various individuals within the family are also affected by labour migration. The individuals likely to be affected most significantly are the wives, children, parents etc. For the family unit as a whole it appears that the migration of male workers has resulted in an increased incidence of joint family living arrangements. In India, there is an evidence of increased interdependency because when the male individual is away from home his parents and other relatives often take care of his wife and children. Moreover, it is observed that in Kerala prolonged absence of the male members has induced the women to take a more active role in the management of the family affairs and to become less dependent on male relatives. The problem of mental illness has been found to be particularly acute in the so called "Gulf Pockets" of Kerala state, and women aged 15-25 seem to be the worst victims (Arnold Fred and N.H. Shah, 1984). The major reason for the psychological disorders in the
The incompatibility of these young women with their in-laws is made worse by husband's absence.

There are many negative as well as positive consequences related to the Indian labour migration. It shows that these workers experience an increase in social status and are more sought after marriage partners than they were before their work experience in the Gulf. Therefore, they expect a better dowry from the bride's family. Among the negative consequences for the individual workers are their difficult living and working conditions as well as their sense of loneliness. It is also found that physical and sexual abuses have also been reported particularly in the case of female workers such as maids (Arnold Fred and N.M. Shah, 1984).

Despite these negative consequences, few changes have taken place which are likely to have positive influence on the status of the women. In India, the wives of the migrant workers are beginning to take a more active interest in adult literacy courses. These young women are eager to gain the ability to write to their husband themselves rather than going through an intermediary. They are also interested in learning how to handle remittances sent through banks.

One consequence of overseas migration, pointed out by Gulati (1983) in the context of the Indian migrants' is the ability of migrants' families to provide more expensive dowries for the sister of the workers (Arnold Fred and N.M. Shah, 1984). Besides, economic effects that these Islamic states where the migrants work are creating
an ethos of fundamentalist fervour, specifically in the small to medium size urban centres and in the countryside of India. The rising trend of emigration is having its impact in a number of indirect ways. For instance, a number of institutions for training persons in various technical trades are also coming up, rising incomes of household (of emigrants) are attracting traders, businessmen and workers to these emigration areas. Increasing contacts with the outside world and introduction of new forms of modern living transforming the values and outlook of the people.

Migrants have become the essential part of the UAE's economy and society. However, the migrants have to undergo many difficulties of adjustment, absorption, especially the non-Arab migrants. Therefore, care is necessary on the part of this country to be fairly considerate towards all types of migrants with different creeds, nationalities as well as cultural background.