Though, the presence of Indians was marked in the Gulf in 1930s, but the massive inflow was seen in 1970s with the oil boom. This large scale migration from India has an effective impact on the migration policy framework of both the Indian government and the local governments of the Gulf region as well. Overseas Indians working in different parts of the world are a matter of concern for the Indian government but more focus is given on the migrants in the Gulf. A significant feature of the Indian migration to the Gulf is its share in the remittances sent by the Indians working in the Gulf countries. The Global Development Finance Report says that India was the top remittance recipient country in 2007-08 with the estimated inward remittance amounting to US$ 240 billion. It is interesting to note that its major portion comes from the Gulf countries.\(^1\) It was in this context that Indian Government has always been active in encouraging the process of recruitment of workers for the countries of the Gulf. India has maintained a steady flow of workers to the Gulf from the 1970s onwards.\(^2\)

The Gulf countries account for nearly 27 per cent of the total remittance flow to India. Whereas the other region like, North America accounted for 41per cent, Europe 14 per cent, East Asia 8 per cent, South America 6 per cent, Africa 2 per cent and Others 2 per cent of the total remittance flow to India. It is important to note that the second largest share of the remittance flow to India is coming from the Gulf countries which show that the Gulf has become one of the most favoured destination for Indians in recent times. Presently, however, the maximum labour migration is headed towards the Gulf countries, but unfortunately, no comprehensive policy on labour migration or overseas employment has been framed by the Indian


The pie graph below shows the percentage of foreign remittances from different parts of the world.

**Figure 1**

*Source Regions of Remittances Flows to India, 2006-07*

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gulf Region</td>
<td>27%</td>
</tr>
<tr>
<td>North America</td>
<td>41%</td>
</tr>
<tr>
<td>South America</td>
<td>6%</td>
</tr>
<tr>
<td>East Asia</td>
<td>8%</td>
</tr>
<tr>
<td>Europe</td>
<td>14%</td>
</tr>
<tr>
<td>Africa</td>
<td>2%</td>
</tr>
<tr>
<td>Others</td>
<td>2%</td>
</tr>
<tr>
<td>South America</td>
<td>6%</td>
</tr>
<tr>
<td>East Asia</td>
<td>8%</td>
</tr>
<tr>
<td>Europe</td>
<td>14%</td>
</tr>
<tr>
<td>Gulf Region</td>
<td>27%</td>
</tr>
</tbody>
</table>

Data adapted from: Reserve Bank of India, 2007.

It may be pointed out that the indentured labour was abolished in 1917 and the flow of Indian labour towards western countries however, increased. Earlier during the second decade the incidents like that of Kamagatamaru obliged the government to formulate laws to regulate the movement of Indian workers to foreign countries. Accordingly, an act was passed in 1922. The Emigration Act 1922 was enacted to regulate the recruitment of unskilled agricultural workers. The Act set the procedure for the emigration of Indian workers. It incorporated the steps to be taken by the foreign agents in India for the welfare of such emigrants. According to the Act, the emigration of unskilled workers involved notification for particular countries. This was the first act of its own kind as it made the immigration process more organised. Whereas, the earlier acts dealt with the immigration issues related to particular British colonies. The act had many provisions through which the

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3 Binod Khadria, *India: Skilled Migration to Developed Countries, Labour Migration to the Gulf*, Jawaharlal Nehru University, New Delhi, 2006, p.158.
government of India ensured the protection of the Indian overseas. According to the act, the emigration of unskilled workers was controlled by the Legislature. A Standing Committee of 12 members was formed, 8 of whom were elected from the Legislature Assembly and 4 members were from the Council of States.\(^6\) The Act of 1922 not only established a government body to organise the emigration process but also made the approval of the Legislature essential for the Indian immigration. It also had an advisory body (Standing Emigration Committee) that provided suggestions on all significant matters concerned with emigration.

The Act though, was a good effort made by the government to safeguard the interests of Indian migrants across national boundaries but had some limitations. The main purpose of the Act was to control and legalize the recruitment of the unskilled Indians, especially the agricultural workers residing in foreign lands. The Act also defined that emigration of the unskilled workers involved notification but no such notification was issued by the government of India. Secondly, it did not state any regulation governing the emigration of professionals and technical expertise. Hence, the act could not monitor both the unskilled and later, the skilled migration to the industrial countries that began from the 1950s.\(^7\) This situation led to the demand of another act which could reduce the problems encountered by the unskilled workers and supervise the skilled migration of Indians; therefore another act was passed in 1952 by the Indian government.

The Emigration Act of 1952 laid down the procedure of emigration to be followed by the workers who wished to emigrate. All workers, including skilled and professionals had to seek the clearance by the protector of emigrants. These workers had to go through the official procedure prescribed in the act. All these formalities were done at their ports of boarding. An employment agreement was prepared mentioning the terms and conditions of the employment. These agreements were


used to be amended from time to time according to the nature of complaints registered by the emigration authorities.\(^8\)

Before 1964, the skilled workers who wished to go abroad had to travel by the sea. Even after the construction of four airports at Bombay, Delhi, Calcutta and Madras, they preferred to travel by sea because it was cheap and they were familiar with it. There were only 5 regional passport offices in the country till 1974 and those were opened in Bombay, Calcutta, Delhi, Madras and Lucknow. Therefore, the emigrants living in remote areas found it difficult to reach distant big cities.\(^9\) The oil boom in the Gulf in 1970s transformed the scenario of both the Gulf and India. The number of applications for migration to the Gulf countries increased. To handle the situation, one more passport office was opened in Chennai (Madras) and later shifted to Cochin in 1978. As the volume of migration was growing rapidly, some more number of passport offices were opened in different parts of India, including Kozhikode. By 1979-80 the number of passport offices in India had increased to 18.\(^10\) The Gulf countries became the most preferred destination for the unskilled and the semi-skilled workers during this period. In many cases, their excitement of getting lucrative jobs came to naught when they found themselves of being cheated by the agents and the employers. These workers were less educated. They would not easily understand the language of the contract signed by them. The employers took full advantage of it. The workers were made to live in unhealthy conditions in the countries of their choice. The domestic workers, especially the house maids were subjected to physical and sexual abuse.\(^11\) Moreover, a number of illegal agencies were also in practice which engaged in exploitative practices, including fraud, extortion and cheating.\(^12\) Thus, it would not be wrong to say that the Emigration Act of 1922 and 1952, both failed to deal with the problems of emigrants.


\(^9\) Ibid., p. 69-70.

\(^10\) Ibid., p. 70.

\(^11\) Binod Khadria, *India: Skilled Migration to Developed Countries, Labour Migration to the Gulf*, p.158.

To handle this, the Emigration Act of 1983 was passed by the government of India. This Act provides the regulatory framework for emigration of Indian workers and ensures their welfare. The Act made the registration of Recruiting Agents with the Protector General of Emigrants compulsory.\(^{13}\) The main purpose of the Emigration Act, 1983 was to help and guide the workers migrated on the contractual basis. The Act was a corollary of the judgement given by the Supreme Court of India in the case of Kanga and Others v/s Union of India in 1979. The Court had ruled that the emigration should be regulated on the basis of guiding principles. Since the enactment of the law, the safety of the emigrants has become the responsibility of the Office of the Protector General of Emigrants (PGE). This office falls within the jurisdiction of the Ministry of Overseas Indian Affairs, Government of India.\(^{14}\) According to the Section 22 of the Act, all workers seeking contractual employment abroad need to get clearance from any of the eight offices of the Protector of Emigrants (POE’s).\(^{15}\) These offices are situated in Delhi, Mumbai, Chennai, Kolkata, Cochin, Thiruvananthapuram, Chandigarh and Hyderabad. Section 10 of the Act states that no recruiting agent can carry out the business of recruitment without a registration certificate issued by the Protector General of Emigrants.\(^{16}\) Before issuing the Registration Certificate to the recruiting agents, the POE inspects whether the agent is trustworthy or has good experience in the field of recruitment or not and after obtaining security ranging from Rs. 0.3 million to Rs.1 million in the form of Bank Guarantee.\(^{17}\) It is mandatory on the part of the Recruiting Agents to quote the Registration Certificate number while advertising for overseas job. Before issuing the advertisement, the Recruiting Agent must obtain three employment documents – Demand Letter, Specimen Contract and Power of Attorney from the foreign employer.

According to the Ministry of Overseas Indian Affairs’ Annual Report 2005-06, about 4,589 registration certificates were issued to the recruiting agents from 1984 to 2005. When the certificate is issued, the Protector of Emigrants also ensures


\(^{14}\) Ibid., p. 4.

\(^{15}\) Ibid., p. 4.


\(^{17}\) Ibid., p. 19.
that the registered agencies would help their recruited workers abroad through their resources in case the workers complaint regarding non-payments, delay in payments, unexpected changes in their nature of jobs, termination from jobs without any satisfactory reason and unhealthy working conditions. A Nine State Manpower Export Co-operation has been formed by Uttar Pradesh, Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Himachal Pradesh and Punjab. Currently, there are 2,100 recruiting agents functioning mainly in Mumbai, Delhi, Kerala and Chennai.\textsuperscript{18}

Recognising that the Recruiting Agents are providing a service to prospective emigrants, the Government of India has allowed them to charge for their services. However, in a bid to prevent any misuse, the Government has limited the maximum service charges ranging between 2000 and 10,000 rupees that such agents can charge each worker.\textsuperscript{19}

To minimize the exploitation of the emigrants by agencies, the government of India has adopted some measures, like if an intending emigrant seeks job on his own, he would be permitted to migrate without paying the recruitment fee and the Protector of Emigrant would directly grant him the clearance within 72 hours. The foreign companies can recruit Indians only through registered agencies. The Indian firms in the construction business are free for direct recruitment. The agencies are also given some directions, like all the initial formalities of the employment contract should be done before the emigration of the worker and the intending emigrant is supposed to get information about the recruitment procedure of his destination before applying for the emigration clearance. The Government of India issues guidelines from time to time for the agencies to make sure that the migrants should get the promised salary and other facilities at their destinations. In any case of exploitation by the employers, they can approach the Indian representative.\textsuperscript{20} These steps taken by the government of India have helped the prospective migrants and functioned as a check on the illegal agencies. There was a substantial increase in the number of the emigration applications in different regional protectorates but the

\textsuperscript{18} Binod Khadria, \textit{India: Skilled Migration to Developed Countries, Labour Migration to the Gulf}, p.158.
\textsuperscript{20} Anisur Rahman, \textit{Indian Labour Migration to the Gulf: A Socio-Economic Analysis}, p. 70-71.
illegal emigrants in the Gulf countries also increased because a number of illegal agencies were still functioning. A numbers of complaints have been registered against these illegal agencies time to time, for example 25 in 2003, 39 in 2004, 59 in 2005 and 93 during 2008. Complaints mostly relate to change of employment contract, non-payment and deduction of salaries, unhygienic working conditions, etc. Therefore, 24 Registration Certificates were suspended and 2 were cancelled in 2004 and 6 in 2008. Prosecution sanctions were issued in 56 cases in 2008 based on police report. The Indian Embassies in foreign countries were also guided to help the victims of illegal migration which also brought positive results. For example, from 2004-5, about 451 migrants were deported to India after complaints of the harassment in the Gulf through the interfering of Indian consulate. All State Governments and administration are also advised to instruct all police stations to keep a strict vigil on the activities of unscrupulous agents. Complaints against foreign employers are taken up with the Indian Mission and if needed the employer is blacklisted. As on 31.3.2009, 351 foreign employers are on the blacklist. During 2009, six Prosecution sanctions have been issued and 26 cases relating to unregistered agencies have been referred to State Governments/POEs concerned for appropriate action. Still there is a long way to go to tighten these malicious recruiting agencies.

The recruitment of workers in India for the purpose of fulfilling construction and other low-skilled occupations in the Gulf region gained considerable attention during the past three decades. Thousands of Indians migrated to Gulf countries annually as contract workers. According to an estimate given by Ministry of Overseas Indian Affairs in 2008, the number of low-skilled Indian migrants acquiring emigration clearance to work in the Gulf reached to 800,000 (809,453) in 2007 from 466,456 in 2003. These migrants were individually recruited by one of 1835 registered recruitment agencies in India and gained clearance to work in Gulf countries. It is clear from this statement that the Gulf countries were largely

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21 Ibid. pp. 70-71.
22 Binod Khadria, India: Skilled Migration to Developed Countries, Labour Migration to the Gulf, p.160. see also; Annual Report, Ministry of Overseas Indian affairs, 2008-09.
dependent on the labour import from India. On the other hand, the Indian government was strongly concerned with the remittances sent by its subjects working in the Gulf countries. Therefore, both regions wished to have bilateral cooperation and did not want any complications regarding immigration. Governments at both sides tried to strengthen these relations in many ways, like; a conference of India’s Head of Mission in GCC countries was held in Doha, the capital of Qatar in March 2006. The Ministry of Overseas Indian Affairs had taken several initiatives including signing of a Memorandum Of Understanding (MOU) with the United Arab Emirates in 2006, with Kuwait in 2007, with Oman in 2008 and carried further with other countries like Bahrain and Saudi Arabia. These MOUs provided a Joint Committee to look into the problems of Indian migrants through regular meetings.

But in recent years, there is a considerable change in the migration policies of the Gulf countries that put the migrants and Indian government at great disadvantage. The Gulf countries, for demographic and labour market reasons, now try to limit the number of foreign workers with restrictions on immigrant employment and subsidies for native workers. The big trouble for the Gulf countries lies in the rapid growth of foreign labour. If we see the migration outflow of Indians to the Gulf countries we would find a constant increase in it. For example, the number of Indian workers in the Gulf countries increased from 14,000 to 40,000 between 1948 and 1970s. Further, the rising price of oil started a huge Indian migration to the Gulf and their number increased to 258,000 in 1975. Today, there are around 4.5 million Indian workers residing in Gulf countries. Besides India, the Gulf countries have exceptionally high inflow of international migrants originating from different countries. The composition of national vs. non-national population and labour force helps us to understand the justification for the restrictive policies. The foreign population has been increasing speedily for the last three decades in the Gulf countries. The below table would further assist the statement.

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Table 1

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Population</th>
<th>Foreign Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>6,52,000</td>
<td>40.0</td>
</tr>
<tr>
<td>Kuwait</td>
<td>26,45,000</td>
<td>64.3</td>
</tr>
<tr>
<td>Oman</td>
<td>24,42,000</td>
<td>22.7</td>
</tr>
<tr>
<td>Qatar</td>
<td>5,80,000</td>
<td>73.7</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>20,2,79,000</td>
<td>25.4</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>29,3,22,000</td>
<td>75.7</td>
</tr>
</tbody>
</table>

Table 1 is indicative of the fact that the foreign population constituted around 23 per cent of the total population in Oman, 25 per cent in Saudi Arabia, 40 per cent in Bahrain, 64 per cent in Kuwait, 74 per cent in Qatar and 76 per cent in United Arab Emirates in 2000.\textsuperscript{27} In case of the labour force, more than half in each Gulf country comprised foreigners. The below table would supplement the given statement.

Table 2

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Population</th>
<th>Foreign Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>2,72,000</td>
<td>61.9</td>
</tr>
<tr>
<td>Kuwait</td>
<td>15,51,000</td>
<td>81.3</td>
</tr>
<tr>
<td>Oman</td>
<td>8,59,000</td>
<td>64.3</td>
</tr>
<tr>
<td>Qatar</td>
<td>1,20,000</td>
<td>81.6</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>71,76,000</td>
<td>55.8</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>13,56,000</td>
<td>89.8</td>
</tr>
</tbody>
</table>

Table 2 indicates that the foreign workers have dominated over the indigenous labour force. For example, the foreigners comprised 56 per cent of the total workforce in Saudi Arabia, 62 per cent in Bahrain, 64 per cent in Oman, 81 per cent in Kuwait, 82 per cent in Qatar and 90 per cent in United Arab Emirates in 2000.\[^{28}\]

The fast growing foreign population and their constant increasing share in the workforce in the Gulf countries has posed a serious challenge for the governments. This is challenging for the countries of the Gulf because there is increasing number of indigenous population becoming unemployed. There is also a growing demand for the employment of the natives in managerial and technical positions. The available data shows that in Oman alone the rate of unemployment is 51.2 per cent in 2000. This argument can be clarified further with the table given below:

Table 3

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Unemployment percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kuwait</td>
<td>1999</td>
<td>1.5</td>
</tr>
<tr>
<td>U.A.E</td>
<td>2000</td>
<td>4.3</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2000</td>
<td>13.1</td>
</tr>
<tr>
<td>Qatar</td>
<td>2001</td>
<td>14.9</td>
</tr>
<tr>
<td>Bahrain</td>
<td>1991</td>
<td>17.0</td>
</tr>
<tr>
<td>Oman</td>
<td>1996</td>
<td>51.2</td>
</tr>
</tbody>
</table>

Table 3 indicates that most of the GCC countries have considerable rate of unemployment. The Qatar is reported to have 14.9 per cent (2001), UAE 4.3 per cent (2000) and Kuwait 1.5 per cent (1999), which is the least among all the GCC countries. Being a smallest country among all six Gulf countries, Bahrain has a high 17 per cent unemployment rate and the Saudi Arabia, is reported to have 13.1 per cent unemployment rate in 2000.\[^{29}\]

The rate of unemployment among the nationals has been raising difficult economic and political questions for the governments of the Gulf countries. According to an estimate made by the Head of Labour Market Studies (National Human Resource Development and Employment Authority), the current unemployment figure among the nationals brought constant change in the


labour policies and laws in the Gulf countries. The governments of the Gulf countries have concluded that that unemployment is the biggest policy challenge facing the GCC at the moment. But government faced difficulties in implementing policies to reduce unemployment. The main reason is that the Arab employers, especially in private sector usually hire migrant workers rather than the nationals, as the migrant workers have gained the work experience. Moreover, importing new worker involves additional costs to the employers. As the migrants were preferred by the companies, the demand of indigenous workers decreased which caused unemployment.

It is thus, an imperative that the labour policies of the Gulf countries have undergone changes due to increasing problems of over foreign population and their dominance over the labour market and frustrations among the nationals for not having jobs. Therefore, most of the Gulf countries, like, Saudi Arabia, Qatar, Kuwait, Oman and United Arab Emirates have expressed their wish to lower the immigration level in response to a survey conducted by United Nations in 2005. Whereas, due to the shortage of indigenous labour, government of Bahrain opined that the level of immigration was satisfactory and to be maintained in future. Table 4 would further support the argument.

Table 4

<table>
<thead>
<tr>
<th>Country</th>
<th>Immigration Level</th>
<th>View</th>
<th>Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>Satisfactory</td>
<td>Maintain</td>
<td></td>
</tr>
<tr>
<td>Kuwait</td>
<td>Too High</td>
<td>Lower</td>
<td></td>
</tr>
<tr>
<td>Oman</td>
<td>Too High</td>
<td>Lower</td>
<td></td>
</tr>
<tr>
<td>Qatar</td>
<td>Too High</td>
<td>Lower</td>
<td></td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Too High</td>
<td>Lower</td>
<td></td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>Too High</td>
<td>Lower</td>
<td></td>
</tr>
</tbody>
</table>

30 Ibid. p. 3.
32 Nasra M. Shah, Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they Like to be? International Labour Organization, Asian Regional Programme on Governance of Labour Migration, p. 22.
These Gulf countries have responded more strictly towards the migration inflow of temporary workers, whereas, the emigration level of highly skilled workers is likely to be maintained by most of these countries. To control over the immigration level of foreigners, the Gulf countries have adopted some restrictive policies. For example, Kuwait has adopted a policy to reduce the number of permanent settled immigrants and the policy for granting citizenship is extremely controlled. Kuwait also has a policy to cut down the number of dependents of the migrant workers. To implement this policy the government has announced the minimum salary required for the workers who wished to bring their family. Kuwait has no agenda for the integration of the migrant workers as it looked upon them as temporary workers who work on contractual basis that is awarded generally for 2 years at a time. Even if the migrant workers stay for a longer period in the Gulf countries, they defined as “temporary workers”. The work contract signed by the migrant is issued upon the request of a sponsor. Once the worker arrived at the country, he must obtain a “residence permit” (or iqama) which is issued for the period of contract. Therefore, the migrant workers cannot be granted citizenship on the basis of their length of stay in the Gulf countries and even their children who born in the country are not considered as nationals. In the Gulf countries there is no provision of the status like “permanent resident”.

Most of the Gulf countries have enacted such labour laws that provide preference for the locals. These laws are focused on the employment opportunities for the nationals on priority basis followed by those of the citizen of Gulf countries. Next comes the non-Gulf Arabs and the rest of the jobs are to be presented to other foreigners. Though, the Gulf countries have implemented more restrictive labour policies in recent times, the process had started much earlier. A number of steps were taken by the government of the countries time to time to execute these laws. For example, in 1968, the Arab Labour Organization had a dialogue with the Gulf countries in which it was emphasised that the countries must give priority to Arab workers in jobs. The Arab League also made a declaration similar to it in 1975. In 1980, The Strategy for Joint Arab Economics also announced that the Arab

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33 Ibid., p. 23.
34 Ibid., p. 4.
35 Ibid., p. 5.
countries have to work harder to reduce their reliance on the foreign workforce. The Arab Declaration of Principle on the Movement of Manpower stated in 1984 that the nationals are deserved to be preferred in jobs recruitments than the people of third countries which had a deep impact. For example, United Arab Emirates introduced a new labour policy in 1980, through which at least 30 per cent of the jobs are reserved for the Arabs. UAE also signed an agreement with Tunisia, Morocco and Sudan for encouraging appointment of more Arab workers in United Arab Emirates instead of non-Arab foreigners. Likewise, Egypt signed an agreement with Qatar to ensure the recruitment of 9,000 Egyptians in Qatar every year. To decrease the non-national population, in 1982, Qatar declared that more Tunisian people are required to be recruited in defence forces of the country and they must be given preferences in blue-collar jobs.36

The driving force of the current policies is to restrict the stock and flows of foreign workers and their families and enhance the absorption of nationals in the labour force. To execute it, two different strategies have been adopted by the Gulf countries; one is the restrictions on the import of the additional migrant workers, and retiring or terminating the extras. Secondly, replacing the migrant workers with the indigenous labour.37 The policies are divided into three parts, (a) the policies aimed at affecting the supply of foreign workforce, (b) policies aimed at affecting the demand for indigenous workers, (c) and the policies to discourage the hiring of immigrant workers; these are explained below in detail:

The Gulf countries have, of late, started adopting more restrictive policies that aim at reducing the supply of foreign workers and enhance the growth and demand for indigenous workers. One of those is raising indirect taxes that increase the expenses of the migrant workers. For instance, a new health policy was introduced in United Arab Emirates in 2006. According to the policy the fee of the insurance which is about 500-4000 Dirhams (US$ 136 TO $1089), was imposed depending upon the type and complication of the surgery. The government

37 Nasra M. Shah, Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they Like to be? International Labour Organization, Asian Regional Programme on Governance of Labour Migration, p. 12.
announced that the payment of the premium of the insurance policy would no longer be the responsibility of the employer. The employee has to pay for it. In case the worker is earning good salary, the additional cost of the policy could be asked to be filled by him.\textsuperscript{38} Not only United Arab Emirates but other Gulf countries are also imposing taxes on the expatriates to reduce their number. For example, a Health fees was introduced in Kuwait in 1999 and in Saudi Arabia in 2001 for the foreign workers. The Kuwait government announced that the foreigners working in a private sector had to pay the health insurance fees for themselves and also for their family members staying along with them. The migrants found it unfair because 93% of the total workforce in the country is in the private sector. These new taxes made the migrants upset, especially those who were earning around 100-150 dollars a month. It was noted that due to the implementation of health insurance policy, a number of migrants sent their dependants back to the home country.\textsuperscript{39} A new tax consisted of a fund of 100 Saudi Riyals (US$ 26.6) posed on each foreign worker and the money was used for the training programmes for the indigenous workers.\textsuperscript{40}

The illegal migration to the Gulf countries is another issue of serious concern. The illegal migrants are of different categories. The first category is of workers who entered the country without valid documents. The second category of illegal migrants is those who entered with valid documents, but they continue to work even the contract is expired. They leave their sponsor or employer and start working with a new one without proper documentation. To handle the situation, the Gulf countries have provided for the ‘provision of amnesty’ to the migrants since 1990 through which the illegal migrants get the opportunity to leave the country without paying fines. An overstayer has to pay around US$ 649 to US$1,039 for the fine and about US$ 390 for the airfare. In UAE, about 100,000 illegal migrants left the country in 2003 when the period of amnesty was announced. Likewise, 60,000 illegal migrants wished to leave the country when the government offered the amnesty period from November 20 to December 31, 2004 whereas, 700,000 illegal workers are said to deported every year from Saudi Arabia.\textsuperscript{41}

\textsuperscript{38} Ibid., p. 5.
\textsuperscript{39} Ibid., pp. 5 & 6.
\textsuperscript{40} Ibid., p. 6.
\textsuperscript{41} Ibid., pp. 7 & 8.
on visa issuance and visa trading. It is noted that sometimes the visas are sold by the sponsors in the black market. For example, in UAE, a work visa for an Indian is sold for Dh 7,500 (US$ 2,042) whereas, for an Iranian, Dh 15,000 (US$ 4,084) has to be paid. A number of efforts have been made by the government to stop this practice. For instance, 11,600 bans were issued against those sponsors who tried to hire illegal workers.42

There is an increasing realization that without encouraging the indigenous participation in the work force, the aim of reducing foreign population can’t be achieved. Therefore, during the last decades, concrete policies aimed at enhancing indigenization and reducing the numbers of foreign workers have begun to be implemented with all seriousness.43 Some of the policy measures are (i) creating job opportunities for nationals through vocational training and enhancing private sector benefits for them; (ii) encouraging nationalization through market based measures like, fees for employing foreigners and cash benefits for employing nationals and (iii) forcing nationalization of labour force through administrative measures, which are: (a) nationalization of the public sector force, (b) quotas on foreign workers, (c) quotas on employment of nationals, (d) ban to hire foreign workers in certain sectors and (e) tightening of immigration legislations.

The foreign workers have dominated over the private sector in the Gulf countries. Therefore, the governments of the Gulf countries have decided to increase the participation of its own people in the private sector. For this purpose, the Gulf countries announced a number of plans to encourage private sector employers to hire national workers. For example, the Human Resource Development in Saudi Arabia subsidizes the salaries of around 30,000 national workers every year as an inducement for companies to hire national workers. The government also planned to start 59 new campuses in technical and vocational institutes aimed at doubling the number of graduates, especially in the field of cosmetology, computer programming, meat cutting and plumbing. It has been noted that all jobs in these fields are

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42 Ibid., p. 9.
occupied by the foreigners but now the government has decided to increase the participation of the nationals in the above fields up to 45 per cent.\textsuperscript{44}

The cost of hiring foreign workers has increased in most of the Gulf countries. For example, in Bahrain, the cost of hiring a foreign worker has been increased from BD 50 (US$133) to BD 150 (US$ 398) for different nationalities. Some other measures have been adopted to encourage the indigenization process. Like, a quota for the national employment has been fixed in Gulf countries.\textsuperscript{45} Some professions are banned for the foreigners by a new law that has been issued in Oman, which states that only Omani women can sell \textit{abaya} (women’s cloaks).\textsuperscript{46} The Manpower Council in Saudi Arabia has decided to put a ceiling on the level of foreign workers and their families at 20 per cent of the population by 2013 and fixed the target to halve the number of foreign workers.\textsuperscript{47} A numerous policies have been adopted by the Gulf countries that not only focused on increasing the nationals’ share in the workforce but also to prevent the hiring of immigrant workers, and these are: (i) work permit is to be obtained prior to arrival, (ii) a ‘no-objection’ permit is needed for hiring a household worker, (iii) foreign worker or his employer has to bear the cost of work permit and annual residence permit, (iv) employment subsidies for the employers who hire native workers, (v) prohibition of transfer of immigration workers’ employment, (vi) residence permit only for the high-skilled foreign workers.\textsuperscript{48}

These measures have been helpful in the process of nationalization in the Gulf countries. For example, the recent data received from Oman indicates that Oman’s foreign workforce has declined by 24 per cent between 2003 and 2005, from 5,49,333 to 4,15,135. The decline has been attributed to the government’s successful drive to ensure jobs for nationals. In United Arab Emirates the banking


\textsuperscript{45} \textit{Ibid.}, p. 9.

\textsuperscript{46} \textit{Ibid.}, p.11.

\textsuperscript{47} \textit{Ibid.}, p. 9.

\textsuperscript{48} Martin Baldwin, “Migration in the Middle East and Mediterranean” \textit{Global Commission on International Migration (GCIM)}, Panteoin University, Athens, September 2005, p. 31.
sector has been especially effective in hiring nationals.\textsuperscript{49} To control the illegal migration, United Arab Emirates deported 1,00,000 foreigners in 2003 and put a ban on 11,600 violating sponsors and companies in 2004.\textsuperscript{50}

While the intention for restricting the inflow of foreign workers is clear and policies aimed at achieving this continue to emerge regularly, the recorded effectiveness of such policies presents a mixed picture. According to an estimate, no Gulf country had more than 30% nationals in the private sector in 2004. For example, in Qatar, Oman and United Arab Emirates, about 10 per cent of nationals are in the private jobs, 27 per cent in Bahrain and 30 per cent in Saudi Arabia in 2004. The situation is not different in Kuwait where only 1.8 per cent nationals were in the private sector in 2004.\textsuperscript{51} Though, it has been noticed that however, the number of nationals in the government sector grew but the expatriates have also proved that they are the best option for the private companies.

The statement would be clarified by the data given below:

\textbf{National Workforce in Private Sector in Kuwait, 2004}

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Private Sector Total Work Force</th>
<th>Nationals</th>
<th>Percentage of the share of nationals in private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Kuwait</td>
<td>8,50,000</td>
<td>16,000</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

The labour policies mentioned above, however, helped the government in reducing the problems of unemployment at some extent but at the same time, the Gulf countries announced that the fixed goal is yet to be achieved and the improper execution of the plans is responsible for the limited results. Therefore, more restrictive policies were implemented in the Gulf countries. For example, Ministry of Public Works and Housing in United Arab Emirates encouraged the contractors to hire nationals. Similarly, the Dubai Naturalization and Residency Department


\textsuperscript{50} Nasra M. Shah, \textit{Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they Like to be?} International Labour Organization, Asian Regional Programme on Governance of Labour Migration, pp. 8 & 9.

\textsuperscript{51} Andrzej Kapiszewski, “Arab Versus Asian Migrant Workers in the GCC Countries”, \textit{United Nations Expert Group Meeting on International Migration and Development in the Arab Region}, p. 5.
declared that the jobs in the public sector will be restricted for the nationals only. The UAE also recommended the companies to hire workers from a single nationality to avoid cultural imbalances.\textsuperscript{52} The Civil Service Commission in Kuwait declared its policy to replace 15 per cent foreigners annually by the national workforce in the government sector.\textsuperscript{53} The Kuwait government also announced 16 specific jobs which were reserved only for the nationals, for example, computer programming, computer operation and data entry, secretarial, typing and clerical jobs, cashier and car drivers, etc.\textsuperscript{54}

These policies worked effectively in reducing the number of foreign workers and thus changed the labour market equation in some countries. For example, if we see the case of Kuwait, there were only 1.8 per cent nationals in the private sector in 2004, which increased to 10.4 in 2005. The below table would explain further:

\textbf{Table 5}

\textbf{Kuwaiti Labour Force According to Occupation and Sector of Activity, 2005.}

\begin{tabular}{|l|l|l|l|}
\hline
\textbf{Occupation} & \textbf{Public} & \textbf{Private} & \textbf{Total Workforce} \\
\hline
Professional and Technical & 97.3 & 2.7 & 100.0 \\
Administrative and managerial & 57.1 & 42.9 & 100.0 \\
Clerical & 86.8 & 13.4 & 100.0 \\
Sales & 33.2 & 66.8 & 100.0 \\
Service & 98.7 & 1.3 & 100.0 \\
Agriculture and Fisheries & 98.6 & 1.4 & 100.0 \\
Production and Labour and Others & 97.5 & 2.5 & 100.0 \\
\textbf{Total (%)} & \textbf{89.6} & \textbf{10.4} & \textbf{100.0} \\
\textbf{Total Number} & \textbf{2,76,053} & \textbf{32,100} & \textbf{3,08,153} \\
\hline
\end{tabular}

It is indicated in table 5 that the total number of Kuwaitis in public sector is 2,76,053 which is 89.6 per cent of the total national workforce in 2005. And there are 32,100 Kuwaitis in the private sector, constituting 10.4 per cent of the total

\textsuperscript{52} Nasra M. Shah, \textit{Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they Like to be?} International Labour Organization, Asian Regional Programme on Governance of Labour Migration, p. 11.

\textsuperscript{53} \textit{Ibid.} p. 10.

\textsuperscript{54} \textit{Ibid.} p. 11.
national workforce in 2005. Though, the number of nationals in the private sector is very less in comparison to the public sector, but this figure becomes considerable if it is compared with the data in 2004. Table shows that the maximum Kuwaiti nationals work in government service sector which constitute 98.7 per cent and the least are in sales which is 33.2 per cent. On the other hand, if we analyse their participation in public sector, least involvement has seen in service sector, which is only 1.3 per cent, whereas, majority of them are involved in sales which constitute 66.8 per cent.\textsuperscript{55}

The above table, however, shows the dominance of the nationals in the public sector, where it also indicates that the employment in the private sector is usually unattractive for the nationals which had many reasons, for example, the salaries offered by the private companies are usually low and unacceptable for the nationals, working hours and work environment is unbearable for them. On the other hand, working in the public sector suits to their social status and thus, they prefer to work there. The nationals do not accept low-skilled jobs. Moreover, they are not trained and unable to handle the projects.\textsuperscript{56} The increased number of foreigners in the private sector is not only because the nationals feel uncomfortable working low skill jobs but also due to the output that the expatriates had given to the private industry with their hard work and potential. The employers of the private firms in the Gulf countries preferred to appoint expatriate workers because they do not want to take risk by hiring inexperienced nationals.\textsuperscript{57} For example, when Saudi Arabia put a pressure on the new companies to hire Saudi nationals and ban those firms which had less than 10 national workers, the employers approached the Labour Ministry. They responded that they either did not find Saudis for the jobs or the ones they

\textsuperscript{55} Nasra M. Shah, Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they Like to be? International Labour Organization, Asian Regional Programme on Governance of Labour Migration, p. 24.

\textsuperscript{56} Andrzej Kapiszewski, “Arab Versus Asian Migratn Workers in the GCC Countries”, United Nations Expert Group Meeting on International Migration and Development in the Arab Region, p. 5.

\textsuperscript{57} Ibid. p.5.
found asked for the salaries higher than the foreign labourers which is not affordable for them.\textsuperscript{58}

Though, the government in each Gulf country has received the same responses from the employers but at the same time it declared that the imbalance in the labour market posed a threat to the local population and there was an urgent need to find a solution to this serious problem. A number of statements have given from time-to-time by the ministers in Gulf countries that played an important role in the formation of more restrictive policies for the foreign workers. For example, Abdul Rahman Al Attiya, the Secretary General for the Gulf countries in November 2005, commented, “the GCC countries need to look at the massive presence of expatriates basically as a national security issue, and not merely as an economic matter”. Similarly, James Zogby, the President of the Arab American Institute has made a bold statement by saying, “the guest workers were a ‘time bomb waiting to explode’”.\textsuperscript{59} In this way the regional politics also influenced the situation of the labour markets.

It is clear now that the labour policies of the Gulf countries have been changing. Recently, the localization of the employment is the main purpose that each Gulf state wants to achieve through the strict implementation of labour policies time-to-time. The high foreign population has changed the demographic structure of the Gulf countries where the nationals have become minority representing in each country respectively 15.4 in the UAE, 29 per cent in Qatar, 27.9 per cent in Saudi Arabia, 31 per cent in Kuwait and 50.6 per cent in Bahrain currently.\textsuperscript{60} These figures have created unrest among the nationals. The other matter of concern is the remittance sent by the foreign population to their home countries which was USD 2 billion in 1975 and reached a current USD 26 billion which add extra burden to budget of the Gulf’s governments.\textsuperscript{61}

\textsuperscript{58} Nasra M. Shah, \textit{Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they Like to be?} International Labour Organization, Asian Regional Programme on Governance of Labour Migration, p. 8.


\textsuperscript{60} http://english.bna.bh/newsadmin.

\textsuperscript{61} http://english.bna.bh/newsadmin.
Demonstrations made by the foreign workers demanding high salaries also made the governments of the Gulf countries worried. In 2005, the low-paid workers protested in Kuwait, Bahrain and Qatar for not receiving salaries on time. In March 2006, hundreds of south Asian construction workers stopped work in Dubai, United Arab Emirates and raised voice against their hard working conditions, low or delayed pay, the general lack of rights. These workers also requested certain Human Rights Organizations demanding the political rights in the host countries and made the Gulf countries aware of the upcoming dangers and thus, recently focusing on the indigenization of maximum jobs, replacing the foreign population with the available local and Arab workforce. According to a report issued by the Gulf Cooperation Council’s Secretariat General in 2007, all Gulf countries are committed to offer job opportunities to the nationals on priority basis. The foreign workers are to be hired only in case of absence of desired national workforce. What makes the situation more difficult is the fact that the exceptional situation which the nationals have enjoyed for decades has started to change. Most of the Gulf countries are planning to ban on visas for unskilled workers especially from Asia as majority of unskilled labour in the Gulf is flowing from the Asian countries and some of them already implemented it. For example, in July 1999, the United Arab Emirates banned the issuance of visas for unskilled workers from India, Pakistan and Bangladesh. This is a clear indication that the Asian Jobs are not secure in the labour markets.

Policies Adopted by Bahrain Government

Bahrain has always welcomed migrants who have become an integral part of the country. A number of natural, social, economic and political factors have made the small island a dream land for regional and overseas migration. The period of 1930 to 1970 is very important in terms of Indian migration. It was the period when oil was discovered, first ministries and other government agencies were established in Bahrain. As there was a lack of trained indigenous population, the government adopted a policy to import labour. Initially, the labour was imported from the Arab


countries but later from the countries other than the Gulf to reduce the cost of the labour. As a result, the foreign population grew from 18,207 in 1950 to 37,885 in 1970.65 This number further increased manifolds by 2004. It has been observed that the foreign population grew at a higher rate, especially from 1970 to 1980. This statement would be clearer by the given data which shows the comparison of both the nationals and non-nationals in terms of population growth, participation in the labour force, and the rate of unemployment during this period. Table 6 would be helpful to understand it.

Table 6

Population Growth of Nationals and Non-nationals in Bahrain, 1970-2004

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahraini</td>
<td>1,78,193</td>
<td>2,38,420</td>
<td>3,23,305</td>
<td>4,05,667</td>
<td>4,32,000</td>
</tr>
<tr>
<td>Non-Bahraini</td>
<td>37,885</td>
<td>1,12,378</td>
<td>1,84,732</td>
<td>2,44,937</td>
<td>2,74,000</td>
</tr>
<tr>
<td>Total</td>
<td>2,16,078</td>
<td>3,50,798</td>
<td>5,08,037</td>
<td>6,50,604</td>
<td>7,06,000</td>
</tr>
<tr>
<td>Percentage (Bahrainis)</td>
<td>82.5%</td>
<td>68%</td>
<td>63.6%</td>
<td>62.4%</td>
<td>61.2%</td>
</tr>
</tbody>
</table>


The above table (6) indicates the population growth rate of both nationals and non-nationals from 1970 to 2004. In 1970, the total population of Bahrain was 2,16,078 of which 1,78,193 were Bahrainis and the non-nationals were only 37,885 therefore, the nationals constitute 82.5 per cent of the total population. But in later period, their proportion started decreasing constantly, for example, in 1980, it was 68 per cent which reduced to 63.6 per cent in 1990, 62.4 per cent in 2000 and 61.2 per cent in 2004. On the other side, in 1970, the foreign population constituted only 17.5 per cent but it grew to 32 per cent in 1980, 36.4 per cent in 1990, 37.6 per cent in 2000 and further increased to 38.8 per cent in 2004. This shows that a large scale migration of foreign population started in the country in response to the increase in the oil price, and the consequent plans for rapid development.

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It is important to know the labour force growth of nationals and non-nationals in Bahrain. Table 7 would assist us to understand it.

### Table 7

**Labour Force Growth of Nationals and Non-nationals in Bahrain, 1970-2004**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahraini</td>
<td>37,378</td>
<td>60,191</td>
<td>90,662</td>
<td>1,27,173</td>
<td>1,43,500</td>
</tr>
<tr>
<td>Non-Bahraini</td>
<td>22,212</td>
<td>81,038</td>
<td>1,35,786</td>
<td>1,80,391</td>
<td>1,93,000</td>
</tr>
<tr>
<td>Total</td>
<td>59,590</td>
<td>1,41,229</td>
<td>2,26,448</td>
<td>3,07,564</td>
<td>3,36,500</td>
</tr>
<tr>
<td>Percentage (Bahrainis)</td>
<td>62.7%</td>
<td>42.6%</td>
<td>40.0%</td>
<td>41.3%</td>
<td>42.6%</td>
</tr>
</tbody>
</table>

**Source:** Census Reports, December 2004, Labour Force Survey.

Above table indicates the number of nationals and non-nationals in the labour force from 1970 to 2004. The number of nationals in the labour force was 37,378 in 1970, which constituted 62.7 per cent of the total workforce, whereas the non-nationals were 22,212 constituted 37.3 per cent. But within 10 years, the situation reversed. For example, in 1980, there were 60,191 nationals in the workforce, constituted 42.6 per cent. On the other side, the number of foreign labourers was 81,038, constituted 57.4 per cent of the total workforce in the 1980. The table reveals that the indigenous population in the labour force increased constantly from 1970 to 2004. But their proportion declined from 62.7 per cent in 1970 to 42.6 per cent in 1980, and it further decreased to 40 per cent in 1990. It shows the predominance of the foreigners in the workforce.

### Table 8

**Unemployment Rate of Nationals and Non-nationals in Bahrain, 1980-2004**

<table>
<thead>
<tr>
<th>Year</th>
<th>1980</th>
<th>1990</th>
<th>2000</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahraini</td>
<td>4,021</td>
<td>13,394</td>
<td>16,136</td>
<td>26,500</td>
</tr>
<tr>
<td>Non-Bahraini</td>
<td>471</td>
<td>984</td>
<td>829</td>
<td>3,900</td>
</tr>
<tr>
<td>Total</td>
<td>4,492</td>
<td>14,378</td>
<td>16,965</td>
<td>30,400</td>
</tr>
<tr>
<td>Unemployment Rate (Bahrainis)</td>
<td>6.6%</td>
<td>14.8%</td>
<td>12.7%</td>
<td>18.5%</td>
</tr>
</tbody>
</table>

Table 8 indicates the unemployment rate among nationals and non-nationals from 1980 to 2004. For instance, the number of jobless nationals in 1980 was 4,021, which grew to 13,394 in 1990, 16,136 in 2000 and 26,500 in 2004. Therefore, the unemployment rate among Bahrainis increased continually, as it was 6.6 per cent in 1980, which went up to 14.8 per cent in 1990, 12.7 per cent in 2000 and 18.5 per cent in 2004. On the other hand, there were only 471 jobless non-Bahrainis in 1980, 984 in 1990, 829 in 2000 and 3,900 in 2004. The data indicates that the unemployment rate among Bahrainis grew much faster than the non-Bahrainis.

The population growth of non-Bahrainis, their predominance in the labour force and low unemployment rate among non-nationals has posed pressure on the Bahrain government. The Bahrain government decided to improve this situation by creating sufficient job opportunities for Bahrainis and to limit the dependence on the expatriate labour, which is called localization, nationalization, indigenization or Bahrainization of labour.\textsuperscript{66} To maintain a highly privileged position of the nationals, numerous policies and agendas have been introduced in Bahrain time-to-time. For example, in 1974, the Bahrain government took initiative to estimate the level of Bahrainization. The Ford Foundation Report submitted to the cabinet estimated that the Bahrainization level would reach 68 per cent by the 1980s. Government introduced another plan called Project 10,000 in early 1980. The purpose of the project was the appointment of young Bahrainis in the private sector. The government was concerned about the growing unemployment rate among nationals. The increasing share of non-nationals in the workforce created trouble for the government and a Strategic Choices Committee was appointed in the mid of the 1980s. The Committee would find out the solutions to the existing unemployment problems among nationals.\textsuperscript{67}

As mentioned earlier, the foreign workers held maximum jobs in the private sector, whereas, the nationals dominated public sector in the Gulf and similarly in Bahrain. The government tried to lesser the predominance of the foreigners in the

\textsuperscript{66} Andrzej Kapiszewski, “Arab Versus Asian Migrant Workers in the GCC Countries”, United Nations Expert Group Meeting on International Migration and Development in the Arab Region, p. 5.

\textsuperscript{67} Mohammed Dito, “Migration Policies and Challenges in the Kingdom of Bahrain”, Migration and Refugee Movement in the Middle East and North Africa, p. 6.
private sector by issuing Bahrainization Percentage Law in 1994 to make sure 5 per cent annual increase in Bahrainization. A number of studies have been conducted in Bahrain to get better understanding of the labour market. The government suggests that skill formation through quality education is the way through which the aim of human capital development can be achieved and it would also help the nationals to compete the foreign workforce. The cost of work permits for the foreigners has been increased. The Labour Market Regulatory Authority (LMRA) has suggested charging a fee of BD 200 (US$ 529) every two years for each emigrant work visa and an extra monthly levy of BD 10 (US$26) for each emigrant worker.

As the indigenous population require training and professional education to compete the foreign labour, a new project was launched by the Ministry of Labour and Social Affairs in 2001, which aimed at the training and employing of 4,000 Bahrainis in the year 2001. New labour laws enacted in Bahrain stressed on the strict regulation of visa issuance. The process of issuance of new work permits and the transfer of existing work permits from one sponsor to another was made tougher than before. The Minister of Labour and Social Affairs in February 2003 announced, “from 2005, we are not prepared to renew or issue work permits for non-Bahrainis, with exceptions to be made for highly skilled workers not available among nationals”. The Cabinet also announced that the temporary work permits for the foreign workers would be issued only for six months.

The question of foreign labour is of great concern for the Bahrain government. The nationals felt that the excess existence of the foreigners was a threat for their social customs. For example, a draft was discussed at the annual Gulf Cooperation Council Summit in Bahrain in December 2004 to reduce the foreign population. In this summit the existence of the foreign migrants was reported to be

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69 The Bahrain Competitiveness Report 2007-08.
71 Nasra M. Shah, Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they Like to be? International Labour Organization, Asian Regional Programme on Governance of Labour Migration, p. 8.
‘a danger for the Arab-Islamic culture’.\textsuperscript{72} In the summit, the King of Bahrain stated that the foreign labour posed a threat to the society, culture and economy of the Gulf countries.\textsuperscript{73} The Arab nationals were worried about the unconstructive influence of the foreign workers on their culture, identities and value.\textsuperscript{74} The governments often received complaints from the nationals that the foreign bachelor labour living in their residential areas must be shifted to the labour camps as their existence was not acceptable. Municipalities and Agriculture Minister Dr, Juma Al Ka’abí accepted that there were certain problems related to this issue but before taking any decision, a detailed study was needed. He said, “It is a very complicated matter to study, considering that we have to look at the social, financial and labour aspects in addition to security and safety. We must aim to come up with a strong law in this regard”. Later the four members of Bahrain Municipal Council submitted a draft law to ban the stay of bachelor foreign labourers in residential areas to Dr. Juma in October 2008. Under the proposal of the law, the landlords will be banned from renting out houses completely and partially to foreign bachelor labourers, while workers with families and professionals will be allowed to stay. It also specified that any contract signed to provide accommodation to the foreign bachelor would be considered illegal and in that case the landlord will be fined up to BD 1,000 per room. This proposal is under consideration of the National Assembly.\textsuperscript{75}

This is a clear indication that nowadays, the Gulf countries’ strategies for the foreign population are changing. Though, the Gulf countries were discussing officially the risk factors of the foreign population on the Arab customs but it is only recent that these countries confess publicly the negative impact of the circumstances.\textsuperscript{76} One example of this is the statement given by Majeed Al-Alawi, the Minister of Labour and Social Affairs in Bahrain, who states, ‘non-Arab foreign workers constitute a strategic threat to the region’s future”.\textsuperscript{77} This is not only the first

\textsuperscript{72} Ibid. p. 14.  
\textsuperscript{73} Andrzej Kapiszewski, “Arab Versus Asian Migratn Workers in the GCC Countries”, United Nations Expert Group Meeting on International Migration and Development in the Arab Region, p. 11.  
\textsuperscript{74} Ibid. p. 12.  
\textsuperscript{75} Gulf Daily News: The Voice of Bahrain, Manama, Bahrain, 17 November, 2008.  
\textsuperscript{77} Ibid. p. 8.
time that such statements have been delivered in Bahrain. Mr. Sharif Ahmadi, the Vice-Chairman of the Labour Fund commented on the presence of the expatriate at the celebration day of Labour Fund on 23rd June 2006, that, “before it’s too late, we have to train our own people”.  

It has been realized by the Government of Bahrain that there is an urgent need to examine the labour market. Thus, in 2006, a Joint Committee was formed in Bahrain to study the foreign labour force and the population structure. Another programme for the training of nationals and reinforcing the position of the Supreme Council for vocational training has been introduced. The government took initiative to make reforms in the labour market. One of these is the establishment of the Labour Market Regulatory Authority (LMRA) and the Labour Fund. Both the authorities work together. In 2008, a new policy was implemented in the country, through which all companies have to pay fees to LMRA on the foreign labour they hire.  

Due to all these efforts made by Bahrain government, the country has obtained highest labour productivity rate among all Gulf countries. The ‘Growing Beyond Oil’ a report issued by the American Organisation Conference Board, appreciated the achievement of the country. It has been stated in the report that increased labour productivity is an instrument by which any country become economically strong. It is important to note that Bahrain’s labour productivity rate is 20 per cent higher than of Oman and more than five times above than other Gulf countries, which is remarkable. At present, the Bahraini people are declared the most skilled in the Arab countries. The literacy rate in the country is 85 per cent and it is highest in the region. The Bahrain government is committed to develop a modern and highly skilled workforce that can easily compete the economies across the world.  

It has been clear that all Gulf countries are now willing to reduce the number of foreign population by forming a number of labour policies and laws. These countries have succeeded at some extent but there are certain difficulties in

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implementing these policies, for example, the national’s unwillingness in accepting low skill jobs and visa trading, that has become a profitable business for the local sponsor in the Gulf market and moreover, the workers are ready to but it. The other obstacle in the way of implementation of the policies is if the government sector in the Gulf countries would be fully localized, there would be low quality of work, because, the employer won’t be able to fire a local workers due to the policy of indigenization.  

In recent years, several policies intended to restrict the import of foreign workers have been devised and implemented. Increasing unemployment among the indigenous youth and massive foreign population growth is raising tough questions for the government about the continued inflow of foreign labour. To solve this problem, better and value-added jobs are filled by recruiting nationals and thus, their participation in the labour market is increasing every year. These countries are now trying to seriously reduce the foreign population by instituted more restrictive policies. It is a clear indication for the labour exporting countries like India that the things are going to change in the Gulf region which is not affordable for the Indian government and thus, there is a great need to find an immediate solution to this problem.

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81 Nasra M. Shah, *Recent Labour Immigration Policies in the Oil-Rich Gulf: How Effective are they Like to be?* International Labour Organization, Asian Regional Programme on Governance of Labour Migration, p. 17.