

IMPACT OF GULF MIGRATION ON KERALA ECONOMY

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ABSTRACT

Gulf migration has served as an important factor in the development scenario of Kerala for the last many decades. Gulf economies are opened to foreign workforces in the 1970s in the wake of a spike in oil prices. To meet their construction activities, they welcomed labour of all categories. In this emigration process, Kerala occupied a special status. During 1998-2014, the largest number of emigrants originated from the Muslim-dominated Malappuram district. The total remittances to Kerala in 2014 are estimated to be Rs.71, 142crores, according to Kerala Migration Study (KMS) .Although Gulf emigrants have contributed a lot to the development of Kerala, recently, the return of emigrants and their rehabilitation is creating so many problems in the State.

KEYWORDS: *Emigration, Foreign Remittances, Oil Boom, Rehabilitation, Unemployment*

INTRODUCTION

Until 1971, most Keralites were migrating within India, mostly to metropolitan cities such as Delhi, Mumbai, Chennai and Bengaluru. The discovery of oil in Gulf countries and the subsequent Gulf Boom in 1970s generated the tide of migration from Kerala. A large number of Keralites migrated to the Gulf countries from the rural area because of the existence of high unemployment in Kerala. Among the Kerala emigrants to the Gulf, bulk of them is Muslims. The intensity of migration to the Gulf countries is not uniform throughout Kerala. A survey conducted in 1980 reported that the intensity rate, ie, number of Gulf migrants per thousand population was high in northern parts compared to southern parts of Kerala. The intensity rate was high in Trissur district followed by Malappuram, Pathanamthitta, Kannur, and Thiruvananthapuram. During 1998-2014, the largest number of emigrants originated from the Muslim-dominated Malappuram district. More than 90% of the Kerala emigrants are going towards the Gulf countries. Within the Gulf region, the UAE retained its first position; Saudi Arabia occupied the second rank.

Push and pull factors together contributed a favourable atmosphere for the out flow of workers from Kerala to the Gulf countries. High density of population, high unemployment, stagnant agriculture and backward industrial sector are some of the push factors which compelled Keralites to emigrate to the Gulf countries. The structural changes that occurred due to oil boom in Gulf region provided better employment opportunities, higher income and better future prospectus etc are some of the pull factors which attracted Keralites to the Gulf Countries. The worst year in the history of Indian migration to the west Asia was 1990. About 1.80 lakh Indians were repatriated from Kuwait and Iraq due to the Gulf War. The Global financial crisis of 2008-2009 (The Great Recession) adversely affected the dreams of Keralites.

Large scale developmental activities under taken by the Gulf countries needed all types of workers-unskilled and skilled workers, office workers ,salesmen and professionals like engineers, doctors, and nurses-to boost their economy. Thus oil boom created a golden opportunity to Keralites. Many parts of Kerala faced severe shortage of construction worker's since the end of 1970s.Because of most of the workers migrated to the Gulf are construction related workers. This shortage of workers led to the migration of Tamil workers to Kerala. . Educational reforms helped Keralites to get better employment opportunities in Gulf countries. Recently, the government of Kerala has taken policy measures to keep emigration at a sustainable level, avoid brain drain to other countries and to keep foreign remittances for the development of the state.

The Migration has helped the migrant households to attain higher levels of income, consumption and acquisition of assets compared to non-migrant households. The Gulf migration has pushed up prices of land, construction materials, consumer goods, health, education, transport etc. This hike in prices adversely affected the non-migrant households especially those belonging to poor, middle class and fixed income groups.

The remittances have given the biggest push to the industrially backward economy of Kerala. By way of remittances, Rs.43,288 crores reached into the Kerala economy in 2008. This made significant impact on the state's economy and the living conditions of its citizens. It is important to state that 88.5% of emigrants from Kerala went to the Gulf. Remittances in Kerala in 2008 were nearly a third (31%) of Kerala's Net State Domestic Product (NSDP). In 2008, remittances were sufficient to wipe out 70% of the Kerala's debt. In 2008, Malappuram district leads with a total of Rs.6,486 crores as remittances, followed by Thrissur with remittances amounting to Rs.5,961 crores.

The total remittances to Kerala in 2014 are estimated to be Rs.71,142 crores, according to Kerala Migration Study (KMS). However banking data showed that the NRI deposits in scheduled commercial banks had crossed Rs.1 lakh crores in 2015. Malappuram district received the largest amount of remittances that is Rs.10,245 crores. India was the biggest recipient of remittances globally in 2015. India received \$69 billion in remittances, followed by China at \$64 billion, according to the report 'Remittances and it's impact on financial inclusion and development in India', commissioned by Western Union, an American financial services and communication company. Kerala received 25 to 30 percentage of the remittances to India.

Recently, return emigration is creating more serious socio-economic problems in the Kerala economy; especially it increases the unemployment rate in the state. The rehabilitation of return migrants will be a challenging task for the government.

The present Kerala economy can easily be called as a remittance economy. The foreign remittances have led to huge developments in the state. Thus migration especially gulf migration plays a significant role to reduce poverty and unemployment in Kerala. Migration would have benefitted the Kerala economy much more if conditions were created for productive utilisation of the foreign remittances. Instead of productive investment in the state, the emigrants used the remittances to build luxury houses and consumer durables like Cars, motorcycles etc. Thus consumerism, brought about by international migration, has gone amok in the state with minimum positive impact on its employment situation.

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