CHAPTER 12

South Asian migration to and remittances from Gulf

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South Asia has been rapidly emerging as the migration hub of the world. The percentage of South Asian migrant workers (Afghanistan, Bangladesh, Bhutan, Nepal, India, the Maldives, Pakistan and Sri Lanka) in the international migrant stock increased from 13.33 percent in 2005 to 15.13 percent in 2015 (United Nations, 2015). A majority of them ended up in Gulf Cooperation Council (GCC) countries for employment. This South Asian-Gulf migration corridor is seemingly one of the largest in the world, but considerably under-researched (Rajan, 2016, 2017a, 2017b; Chowdhury and Rajan, 2018).

The estimated annual outflow of migrant workers from the five major South Asian labour-intensive countries—India, Pakistan, Bangladesh, Nepal and Sri Lanka—accounted for 2.5 million. India is registered as the largest among them (ILO, 2015). Their contribution through remittances to their respective economies is not to be underestimated (Kumar and Rajan, 2014; Singh and Rajan, 2015). For instance, the global inflow of remittance reached US$591 billion in 2014. South Asia received some 115 billion, accounting for 20 percent of the total (World Bank, 2015). Nearly 96 percent and 94 percent of total migrant workers from India and Pakistan, respectively, journey to the GCC countries (ILO, 2015).

Globally, the number of South Asian emigrants was estimated to be 37 million in 2015 (United Nations, 2015), compared to 24 million in 1990. Where does this migration take place? About eight million of these emigrants travel to developed countries, while the remaining 29 million move to developing countries. South Asian migrants travel globally and also within the South Asian domain. The number of South Asian emigrants increased from 24 million in 1990 to 25 million in 2005, with an addition of just one million over 15 years (Table 12.1). On the other hand, statistics show an increase of about eight million in five years between 2005 and 2010 with an additional four million in the next five years. The relatively slow increase in the latter five years is partly attributed to the impact of a global crisis in migration trends (Rajan and Joseph, 2013; Rajan, 2012; Rajan and Narayana, 2012).

Intraregional migration

Work on South-South migration is rather limited (Ratha and Shaw, 2007). It is essential to examine the latest situation in this context. Afghan emigrants were found only in Pakistan in 2015, while India has also become home to some refugees from Afghanistan in recent years (see Table 12.2).

Sri Lankans are found in almost all countries in South Asia, the highest receiver being India. India also accommodates Sri Lankan refugees (Valatheeswaran and Rajan, 2011; Rajan, 2016). Pakistanis are largely concentrated in India and Afghanistan. Some 578 people were found in Sri Lanka. The Maldivians are further reaching out to three countries of South Asia—Bangladesh, India and Sri Lanka. Their highest numbers are in Bangladesh and India. Meanwhile, Nepal shares an open border with India, making the presence of Nepali migrants the highest in the country. Some other Asian countries such as Bangladesh, Bhutan, Pakistan and Sri Lanka also accommodate the Nepalis. Like Afghans, Bangladeshis are also moving to India and Nepal. India had previously accommodated refugees from Bangladesh, while undocumented emigrants do remain a constant concern. Bhutanese are also found in larger numbers in India, while Bangladesh, Nepal, Pakistan and Maldives attract a few. The Indian presence, on the other hand, is evident in all countries of South Asia, with very large numbers in Bangladesh, Pakistan, Nepal and Sri Lanka.

Table 12.1

South Asian emigration: An overview

Destination region	South Asian emigration			
	1990	2005	2010	2015
World	23, 887, 147	25, 489, 138	32, 960, 646	36, 873, 169
Developed	2, 209, 367	5, 222, 196	6, 870, 077	7, 809, 774
Developing	21, 677, 780	20, 266, 942	26, 090, 569	29, 063, 395
Africa	46, 995	86, 686	116, 692	141, 074
Asia	21, 626, 509	20, 211, 922	26, 005, 820	28, 951, 809
Central Asia	9, 598	13, 374	9, 643	8, 380
Eastern Asia	45, 503	127, 619	153, 687	184, 017
Southeastern Asia	192, 825	727, 614	1, 123, 843	1, 213, 447
Southern Asia	16, 940, 167	11, 807, 620	12, 286, 404	12, 030, 714
Western Asia	4, 438, 416	7, 535, 695	12, 432, 243	15, 515, 251
Bahrain	108, 202	261, 408	428, 097	470, 027
Iraq	945	1, 210	1, 222	1, 226
Kuwait	671, 008	846, 311	1, 185, 982	1, 786, 324
Oman	252, 266	546, 840	678, 438	1, 446, 537
Qatar	41, 403	357, 364	956, 258	1, 146, 588
Saudi Arabia	2, 487, 058	3, 272, 541	4, 244, 943	5, 131, 003
United Arab Emirates	819, 653	2, 141, 000	4, 800, 910	5, 434, 865
Europe	1, 241, 182	2, 284, 487	2, 978, 536	3, 291, 208
Latin America and the Caribbean	7, 541	11, 948	14, 706	16, 801
Northern America	833, 461	2, 558, 689	3, 221, 072	3, 720, 512
Oceania	131, 459	335, 406	623, 820	751, 765

Source: United Nations (2015).

Migration to Gulf

In 2016, the Gulf Labour Markets and Migration (GLMM) network provided a significant amount of statistical information, indicating

Table 12.2

South-South migration stock in South Asia

Country of origin	Years	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Afghanistan	1995	0						8,107	
	2015	0						348,369	
Bangladesh	1995		0		13,339		9,670		
	2015		0		34,431		39,059		
Bhutan	1995		24	0	20,841		334	10	15
	2015		52	0	44,732		717	22	33
India	1995	14,159	4,375,155	11,088	0	1,810	518,212	1,921,278	281,720
	2015	8,086	3,171,022	6,647	0	199	542,947	1,106,212	155,195
Maldives	1995		1,623		951	0		79	4,289
	2015		53,565		22,120	0		167	9,448
Nepal	1995		500	16,805	369,370		0	2,371	78
	2015		233	28,740	446,491		0	1,268	46
Pakistan	1995	3,276,673			2,916,548			0	889
	2015	1,618,687			2,000,908			0	578
Sri Lanka	1995		7	2	39,329	17	4	173	0
	2015	128	653	227	10,460	1,364	334	803	0

Source: United Nations (2015).

Table 12.3

Nationals and non-nationals in GCC countries (%)

Years	1970–75	1985	1995	2001/02	2010–16
Bahrain					
Nationals	82.47	63.5	61.8	60.0	47.98
Non-nationals	17.53	36.5	38.2	40.0	52.02
Kuwait					
Nationals	30.94	27.7	36.1	37.0	30.65
Non-nationals	69.06	72.3	63.9	63.0	69.35
Oman					
Nationals	91.61	81.6	72.7	74.0	54.59
Non-nationals	8.39	18.4	27.3	26.0	45.41
Qatar					
Nationals	40.53	47.7	29.6	28.0	10.11
Non-nationals	59.47	52.3	70.4	72.0	89.89
Saudi Arabia					
Nationals	88.71	69.3	67.9	70.0	67.28
Non-nationals	11.29	30.7	32.1	30.0	32.72
UAE					
Nationals	36.13	36.2	25.1	20.0	11.47
Non-nationals	63.87	63.8	74.9	80.0	88.53
GCC					
Nationals	79.42	63.5	61.4	61.5	51.01
Non-nationals	20.58	36.5	38.6	38.5	48.99

Source: GLMM (2016).

that about 50 million people were enumerated in GCC countries in and around 2015 (GLMM, 2016). Saudi Arabia accounted for 30 million in mid-2014. Interestingly, the share of the national population in the total population of the GCC region was 51.9 percent. Non-nationals accounted for 48.1 percent (Table 12.3). The United Arab Emirates (UAE) registered 88.5 percent of non-nationals in its total population, followed by Qatar (85.7 percent) and Kuwait (69.2 percent).

It is among the non-nationals that South Asians form the highest numbers. Indians undoubtedly lead in the non-national community statistics of the Gulf region (Rajan, 2018). If we look at the share of the labour force among non-nationals, it accounts for more than the total population as non-nationals are brought in to fill the labour supply gap. De Bel-Air (2015) further notes that foreign nationals recorded 88.5 percent of the country's total population in the UAE. Most of the people belonged to Asian countries, particularly India. Foreigners also collectively share 96 percent of Dubai's employed population, particularly the Asians (86.9 percent).

Remittance

The World Bank estimated the global inflow of remittances to be US$575 billion in 2016. According to the Bank's data, the South Asia Region witnessed an estimated decline of 6.4 percent in 2016 (World Bank, 2018). India, the largest remittance-receiving country worldwide, had an 8.9 percent decline, receiving around US$62.7 billion. Generally, migration has become a key issue in policymaking for many countries, depending on the employment situation and the state of their national economy. South Asian nations' administrative perspective is seemingly supportive, reflecting their view that migrant outflow reduces poverty and unemployment and increases foreign exchange (Ahn, 2004).

The money that the migrants send home is important not only to their families, but also helps cater to their home country's balance-of-payments needs. Remittances constitute a significant proportion of the gross domestic product as well as foreign exchange receipts (Rajan and Narayana, 2012) for developing regions like South Asia. South Asia as a recipient has registered a higher growth

Table 12.4

Remittance inflows to South Asia and outflows from the Gulf (in US$ billion)

South Asia	Inflow	Gulf	Outflow
Afghanistan	0.3	Bahrain	Not available
Bangladesh	13.7	Kuwait	15.28
Bhutan	0.0	Oman	10.27
India	62.7	Qatar	11.98
Maldives	0.0	Saudi Arabia	37.84
Nepal	6.3	UAE	Not available
Pakistan	19.8		
Sri Lanka	7.3		
South Asia	110.1	GCC	75.37

Source: World Bank (2018).

rate in remittance flows compared to other regions such as East Asia and the Pacific. Around 20 percent of the world remittance had ended up in South Asia by 2015. It accounted for US$0.43 billion in 1970, increased dramatically to US$5.3 billion in 1980, US$10.2 billion in 1995 and continued to grow to reach US$110 billion in 2016.

Outflow from the Gulf was US$75.37 billion (Table 12.4). The highest outflow is generated in Saudi Arabia, followed by the UAE and Kuwait. The highest inflow is recorded by India, followed by Pakistan and Bangladesh. So far, it has remained a win-win situation for both South Asia and the Gulf (Rajan, 2017b), although there are concerns in Gulf countries about their dependence on foreign labour and remittance outflows.

Trends in GCC countries

With immigration having played a vital role in the population growth rate of the GCC countries, it is crucial that we examine net migration—the difference between the number of immigrants (entering the country) and emigrants (leaving the country) within each country, as estimated over a period of five years (Rajan, 2018). The UAE had recorded 245,000 migrants by 1972. The number increased steadily to reach the highest among the GCC group, at 3,493,000 in 2007. It declined after the global financial crisis that had a significant impact on Dubai (Narayana and Abraham, 2012). Similar trends can be observed in net migration in most Gulf countries after 2007.

Since 1997, Saudi Arabia has witnessed a relative increase in net migrants, thereby housing the second highest number of migrants, after the UAE. It emerged as a major destination after the global financial crisis (Kumar and Rajan, 2014; Rajan, 2016). The crisis considerably influenced the migration patterns and decision-making of emigrants heading to the Gulf region. Oman recorded a negative growth rate of migrants because of the depletion of its oil reserves. The country instead started promoting agriculture and tourism, the gas sector and other non-oil industries in order to balance its economic growth.

According to the GLMM database, amnesty declarations are suggestive of a humane response of the host-country governments to deal with the persistent problem of irregular migration (GLMM, 2016). However, the amnesty programme likely simply scratches the surface of the problem (Rajan and Joseph, 2017). While it is clear that a large number of people residing in the Gulf are affected by irregularities, it remains rather difficult to assess the percentage of those who actually avail themselves of these amnesties.

There has been some progress in the GCC countries with regard to increasing youth employment in a productive and sustained manner. The recent experience of the GCC countries clearly demonstrates that effectively addressing the youth employment agenda requires more than just budgetary capacity and economic growth. The fast economic growth of the GCC countries in the past decades has been supported by a rise in oil prices. This has enabled generous employment opportunities and accumulation of considerable wealth. A significant portion of these gains has been translated into extensive investments in education and infrastructure projects and the diversification of the GCC economies. Nationals were absorbed into a social contract committed to offering comfortable, well-remunerated jobs in the public sector. Giving citizens entitlement to oil wealth, without promoting the productive use of the national labour resources, resulted in low labour force participation rates among GCC nationals, not to mention a substantial proportion of non-working dependents per employed person.

World Bank (2018) forecasts that the GCC growth will gradually pick up from 1.3 percent in 2017 to 2.6 percent in 2019. The first edition of the Gulf Economic Monitor, released half-yearly by the World Bank, speculates that although overall growth will remain weighed down by oil production cuts, growth in the non-oil sector will have bottomed out. Oil prices are expected to stabilize close to current levels. With the slowing pace of fiscal austerity and with major reforms planned in the region, spending and investment in the non-oil sector are expected to gradually rise. While regional fiscal and current account balances are expected to improve, they are unlikely to return to pre-2014 double-digit surpluses. The contribution from net exports to growth is expected to remain rather minor over the medium term.

Nationalization of labour

Initially, a large number of migrants to the Gulf came from Arab-speaking countries. They ranged from unskilled and semi-skilled labour to highly qualified professionals and specialists. They got gradually replaced by South Asian labour in the early 1980s, due to some political reasons. Asians were also considerably less expensive to employ, more efficient and obedient and manageable. They were also willing to migrate without their families. The Arab migrants, on the other hand, brought their families along with them and settled in the Gulf permanently. In Saudi Arabia, most of the taxi drivers are from Pakistan. Construction workers in the Gulf are mostly from India, followed by Pakistan, Bangladesh and

Nepal. These tendencies were perceived as potential threats to the growth of the Gulf countries.

There have also been negative perceptions about workers based on their nationality. Such perceptions have a significant impact on labour market trends. For instance, no new workers from Bangladesh have been permitted to work in Kuwait since 2006 and the UAE since 2012. Pakistani workers have not been allowed to work in Kuwait since 2011 (ILO, 2015).

There have also been concerns over the treatment meted out to workers by their employers. The issue has even attracted international attention. Given the increasing scrutiny on the issue of "migrant" rights, maintaining domestic requirements without drawing international censure requires the GCC leadership to show dexterity and skill. This is because importing non-national workers to meet domestic labour needs has both pros and cons. According to the 2014 report of Human Rights Watch, migrant workers, who comprised around 90 percent of the private workforce, continued to face exploitation and abuse. They remained tied to employers under the *kafala* sponsorship system that denies collective bargaining rights. Furthermore, trade unions remained banned and migrant workers who engaged in strikes faced deportation and a one-year ban on returning to the UAE. The effect of this is that the GCC countries, including Bahrain, Kuwait and Qatar, have been trying to improve their current system of sponsorship (Dito, 2007).

Kuwait has proposed a system of self-sponsorship, whereby those holding university degrees may find it possible to sponsor themselves. This enables them to switch jobs despite being non-nationals (Janardan, 2011). It also reconfigured the *kafala* system by granting workers the option of changing their place of employment without having to lose their visa status. Still, in 2013 and 2014, a number of high-profile scandals broke out, where senior officials in the Ministry of Labour, including a ruling family member, were found to be acting as large-scale brokers for hundreds of thousands of work visas to be issued to migrants. This black market was made possible by the sponsorship system itself (Hertog, 2014). The government has also considered forming special state organizations to oversee labour imports and act as their sponsor. It has announced plans to directly import workers for its own contracting and construction projects to prevent free-visa deals.

In 2003, Oman adopted a legislation making it illegal for sponsors to send their workers to other places of employment. However, in 2009, Bahrain omitted one of the more restrictive practices of the sponsorship system, by enacting a mobility law allowing migrants to change employers without requiring the approval or consent of their sponsors.

Bahrain also abolished the sponsorship system, thus allowing workers to move from one job to another. The reform, as in Oman, has increased wages for expatriates and the competitiveness of its national labour. Bahrain was the only GCC country in which professional wages rose above inflation in 2008. It also enforced a one percent income tax for national unemployment assistance and insurance scheme. The scheme allowed unemployed university graduates to be paid a stipend of 120–150 Bahrain Dirham, in return for attending training courses (Hertog, 2014).

The major policy adoptions by Bahrain to check irregular migration are:

- Alien Immigration and Residence Act of 1965. This is the main section of legislation governing the entry, exit and residence of foreign nationals in Bahrain. With respect to the issue of irregular migration, the Act criminalizes clandestine entry and residence of foreign nationals without a valid visa.
- Law No. 19 of 2006 regulating the Labour Market. This law catered to the formation of the Labour Market Regulatory Authority (LMRA) authorizing it with many regulatory prerogatives that were hitherto invested in the Ministry of Labour. It mandated LMRA to manage any or all issues related to foreign workers active within the labour market. It includes the issuance of work permits and collection of fees and fines.
- Law No. 36 of 2012 as the Labour Law for the Private Sector. This law replaced the labour code of 1976, thus setting

> out the legal conditions with regard to the employer-employee relationship. The law was welcomed as a progressive piece of legislation for extending protection to domestic maids for the first time. It prolonged the maternity leave for female employees, although certain provisions relating to collective labour negotiations and strikes were a matter of concern.

Saudi Arabia was the first GCC country to start experimenting with employment rules. Known as Saudization, it is said to have started in the late 1940s, but that was not properly implemented. A renewed push was given to the existing quota system in 1995. This resulted in a five percent increase in the employment share of Saudis in all companies employing more than 20.

Saudization is a new method to assess the accurate number of locals employed in private companies and changes to incentive packages. In order to facilitate the escalation of nationalization, the Saudi government classified Saudi companies of the private sector into four categories, i.e., platinum, green, yellow and red. Platinum or green companies indicate that they have high Saudization rates. Conversely, yellow or red means that the company has a low Saudization rate. The number of Saudi employees is calculated based on the number of Saudi employee insurers with the General Organization for Social Insurance in the past three months.

Saudi Arabia has emerged as the central laboratory of labour market reforms in the GCC region. While *nitaqat* quotas are more in line with actual sector-specific employment patterns, they also further an attempt to prescribe specified employment quotas to individual firms. This generates uneven costs and, thereby, efficiency losses across businesses. It leads to a larger burden on the management, opening the way for evasion and phantom employment (Hertog, 2014).

The UAE's main historical tool of labour market nationalization has been quotas. The Dubai Strategic Development Plan (1999–2000) aimed to increase the share of nationals in the emirates' labour force from one to seven percent, particularly in the private sector (Hussain, 2011). There was further focus on the financial sector with the target of a 30 percent increase in nationalization (Hertog, 2014).

In January 2011, the UAE issued a new set of rules determining the specifics of the conditions in which employees can switch jobs, such as:

- End of employment contracts;
- A minimum of two years of work with the employer;
- Violations on the employer's end;
- Shift towards high-skilled jobs with wages set above certain pre-determined levels;

The effect was a relaxation of the sponsorship system.

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