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ABSORBING EXTERNAL SHOCKS: THE GULF CRISIS, INTERNATIONAL MIGRATION LINKAGES AND THE INDIAN ECONOMY, 1990
(with special reference to the impact on Kerala)

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CONTENTS

ABSORBING EXTERNAL SHOCKS: THE GULF CRISIS, INTERNATIONAL MIGRATION LINKAGES AND THE INDIAN ECONOMY, 1990 (with special reference to the impact on Kerala)[1]

I. ISSUES AND PROBLEMS

The political crisis in the Gulf has been nothing short of a human tragedy for the large numbers of Asian migrants working and living in the two countries most directly involved, viz., Kuwait and Iraq. The governments of several labour-sending countries deserve much credit for having acquitted themselves well in the extremely fraught process of evacuating their respective nationals from the frontline on an emergency basis. But even as this process came to an end, and as the dust settled on the tracks leading into and away from the evacuation camps, the next generation of problems and issues stood out in sharp relief.[2]

From the point of view of the **migrants** themselves, the focus shifts to four crucial issues: **first**, a consideration of the financial and material losses suffered by them in the process of dislocation and the related question of loss-recovery and compensation; **second**, an appraisal of the prospects of making a successful reentry into the overseas labour market, whether in a

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[1] This paper is based primarily on the findings of a short study visit made by the author to Kerala during October-November, 1990, i.e., soon after the Kuwaiti crisis broke on August 2. The field research included extensive meetings with officials of various state government ministries, departments and organisations, government and co-operative sector financial institutions, units in the banking sector, semi-government training and consultancy organisations in the field of human resource development, offices of the protectorate of immigrants, experts at the University of Kerala and the Centre of Development Studies, Trivandrum, travel agents specialising in communications with the Middle Eastern region, with the office bearers of several organisations of returned migrants, and with many groups of migrants who had returned since the onset of the crisis on 2 August 1990. The author is grateful for excellent organisational and technical support to Dr Thomas Isaac of the CDS, and for useful research assistance to Mr Mritiunjoy Mohanty of Jawaharlal Nehru University. For useful discussions, thanks are due, amongst others, to Rashid Amjad, K.R. Gouri Amma, I.S. Gulati, Thomas Isaac, K.P. Kannan, Prema Kurian, Mritiunjoy Mohanty, P.R. Gopinathan Nair, and K.N. Raj. The views expressed in this paper, written in November/December 1990, are those of the author alone, and must not be attributed to ARTEP, on whose behalf the visit was conducted, or to any other organisation or individual; the responsibility for the findings and the interpretations made rests exclusively with the author.

[2] It should be emphasised that this paper was written three months into the crisis which may be dated from 2 August 1990, when Iraq took over Kuwait, but well before Iraq was issued the mid-January deadline for quitting Kuwait, and three months before hostilities began. The prognostic comments have been left unchanged so as to provide a view of how the situation seemed at the point when important policy responses needed to be made by the affected countries, regions, and by families and individuals. However, additional corrective or interactive comments have been added in footnotes when appropriate; a brief epilogue is also inserted to catch up with the present.

post-crisis Kuwait, in other countries in the Gulf, or into other continents altogether; **third**, on the implementation of appropriate ameliorative measures which deal with the relatively short term situation and which are compatible with the option of re-entering the overseas labour markets; and **fourth**, for many, on the more long-term issues concerning policy interventions designed to assist any possible efforts at reintegration into the home economy on the basis of their specific aspirations and resource endowments.

When viewed from the vantage point of the **governments** involved, the **first** aspect must be an evaluation of component elements and dimensions of the macro-economic impact of the crisis in the short term, especially with respect to the labour market as well as the external sector of the economy. **Secondly**, as with the migrants themselves, governments would need to base their responses on such prognoses as might be possible with regard to alternative post-crisis scenarios. **Thirdly**, in this light, governments would need to design a package of policy interventions catering to the reintegration requirements of the return migrants. Such measures could take the form of specific schemes and programmes targeted on the returning migrants, but equally, they could also be in the shape of appropriate changes in the realm of policy formation as such. Fourthly, given some basic appreciation of the resource endowments of the target group, governments would need to review the question of the financing of an appropriate response to the crisis.

Given the unusual nature of the crisis, it might be argued that such governmental efforts and interventions should be limited exclusively to the provision of relief and rehabilitation to the Iraq and Kuwait returnees. However, a wider extension of the rubric might be merited for two reasons. For one, it might be neither possible nor desirable to compartmentalise such returnees from other migrants, or from the rest of the resident population. For another, the crisis provides an opportunity to focus attention on the need for developing policies which better realise the potential developmental linkages of the overall process of international labour migration. When the going has been good, governments have allowed these potentialities to lapse by default. The case of the Kuwait returnees could thus be used as an opportunity for effecting wider and more long-lasting improvements in this regard.

In this paper, these issues are addressed at three levels: in a general manner at the level of **the Indian economy** as a whole; in the context of **the state of Kerala**, which forms the epicentre of the Indian overseas migration phenomenon;[3] and wherever appropriate, from the vantage point of **the returning migrants**.

II. ECONOMY-WIDE CONSEQUENCES

The two key aspects to consider are the impact on the labour market, and on the external sector. Both are considered briefly in turn.

II.1 Labour-market Impact

It is necessary to establish the relevant orders of magnitude with respect to both the stock as well as the flow aspects.

With respect to the stock, several estimates (all of them unavoidably less than entirely reliable) place the total number of Indians in the Gulf region at approximately 0.95 million variously between the early 1980s and 1987. Another informal estimate made by an official source on the basis of relatively "firm" information collated by the Indian embassies in Saudi Arabia, Bahrain, Kuwait and the UAE places the number of Indians in these countries alone at approximately 1.25 million on the eve of the crisis, with another 0.3 million in Qatar and Oman, bringing the total to 1.55 million

[3] The one exception is the small economy of Goa which, with its highly developed human resource base, and with its outward orientation rooted in its historical and locational specificity, has an intensity of migration much higher than that even of Kerala.

in mid-1990.[4] The displaced Indian migrant population from Iraq and Kuwait would thus form anything between 10-12% of the total number of Indians in the Gulf region. Given the fact that the Kuwaiti migrant stock was a mature one, and also was perhaps slightly biased in favour of higher skills and educational levels, it might be reasonable to assume a slightly higher ratio of dependents in its case; in that event, the share in the Gulf workers might be marginally lower than that in the population.

An estimate for 1984 (Kaye, 1987:87) places the number of non-resident Indians living North America, Western Europe, Hong Kong, Singapore and Australia at 1.74 million of which 1.07 million had accepted foreign citizenship. Assuming that only one-third of the latter retained close economic ties with resident Indians, the number who could be assumed to be in a category broadly akin to the Indian population would be just over 1 million. Taking these into account as well, the dislocation Gulf population constitutes approximately 7 percent of this augmented total. The magnitude, when viewed thus, is not insignificant, even though it does form a very small fraction of the total.

When one views the share of Kuwait in overseas migrant labour absorption in terms of flows, the orders of magnitude are substantially below those reported above for the stock levels. In 1986, the Protector of Emigrants recorded 4,235 migrants to Kuwait out of a total flow of 113,649, or 3.7 per cent of the annual total. Even noting that this coverage excludes about 14 categories of migrants exempt from such registration, and that some of these categories include the more skilled and qualified migrants who are likely to be over-represented in the flows to Kuwait, the share of Kuwait in the annual outflow is likely to have been approximately one-half the level of its share in the total stock of migrants in the Gulf region. It is also worth noting that the share of Iraq in the total outflows had also tumbled through the 1980s, from 14.7% in 1982 to 4.4% in 1986. As such, the loss of capability with respect to annual labour absorption overseas is not

[4] Some plausibility is given to the higher figure by the fact that the figure of 0.95 million incorporates an estimate of 100,000 only for Kuwait, where it is now known that there were as many as 173,000 Indians.

dramatic. This would be all the more true to the extent it is tenable to assume that a certain proportion of those affected would take up other options open to them with respect to migrating to other destinations.

When one views the labour issue from the point of view of the receiving economy (viz., India), or of the returning migrant, it is appropriate to contrast the numbers of returning Kuwaiti and Iraqi migrant workers with the size and employment profile of the resident population. Expectedly, viewed thus, the returnees constitute only a negligible proportion of the base totals involved. Thus, the entire stock of displaced Kuwaiti and Iraqi workforce was estimated at 137,000 (Bohning,25.10.90:Table 1). The total work force in India in 1990 reckoned in terms of main workers but leaving out marginal workers was approximately 271 million - using a rate of growth of 2.34% per year (Nayyar,1989:114f1) on a base of 220.1 million in 1981. The stock of migrants thus constitutes but 0.05% of the total, or 1 in 2,000 main workers. Against the incremental workforce, the 137,000 migrant workers make up 2.16% of the total. The joint employment in the public and the private sectors in 1990 was an estimated 26.71 million; against this base, the migrants' stock forms 0.5%. If one takes it in comparison with the unemployed on the basis of the "current weekly status" or the "usual status", the percentages would be approximately 1% and 2% respectively. Yet another (crude) indicative numeraire could be the numbers enrolled on the live register of employment exchanges across the country. This shows that if the entire stock of return migrants registered, the length of the live register would increase from 30.05 million (in 1988) to 30.19 million, or by 0.47%.

It should be emphasised that all these comparisons are based on the total number of migrants workers resident in Kuwait and Iraq prior to the crisis, and not on the annual flow changes in this stock magnitude; should the latter have been used, the percentages would have dwindled generally to near-zero levels.

Some speculative observations can be offered by way of a prognosis. Firstly, even in the short term, new possibilities for labour re-export could open up. For instance, as many as 600,000 Yemenis working in Saudi Arabia are on their way out; it is expected that Sudanese and perhaps the Palestinian groups might also lose their position in the labour market in the foreseeable future. The vacancies are to be filled in mostly by Egyptians and Asians, among which Saudi employers are known to have a known preference for Indian workers on account of their docility, their adaptability, their hardworking habits and their lack of political interaction of any kind. Since there is already a very substantial Indian migrant community there, such potential opportunities could be taken up quickly through personal and organised market networks. Secondly, as will be argued below, there are good reasons to expect a boost to the level of economic activity, especially with respect to the service sector, in the region. To some extent, this offsetting is contingent on fresh migrants willing to enter the Gulf labour markets despite the increased exposure to various forms of risk and outright uncertainty. Field information, obtained from the offices of the Protector of Emigrants and from specialised air travel agencies dealing with Gulf migrants in Trivandrum, is suggestive of only a partial slowing down of outflows. It is possible that given the lead time of approximately six months required to set up all arrangements for an exit means that those leaving now might not have much of a choice, since they are likely to have paid their fees and advances several months ago. However, it is also reported that attitudes towards Gulf out-migration have not been dampened at all. This is borne out most strikingly by the strongly expressed desire by the erstwhile Kuwait-based migrants themselves to return to some other point in the Gulf at the earliest viable opportunity. The prognosis, it could therefore be argued, is not entirely bleak.

The above prognosis leaves aside the scenario where the crisis intensifies dramatically so as to include the entire region in hostilities; but what if this were to occur? It is impossible to anticipate even the broad consequences of such a major event, and as such it is excluded from the reckoning.[5]

II.2 External Sector Impact

What are likely to be the losses of Indian foreign exchange earnings in the forms of merchandise exports to Kuwait and Iraq; earnings from project investments by Indian business companies through contracts to be executed there; exchange earnings through tourism; remittance flows made by Indians working in these countries; foreign currency deposits of non-resident Indians based there; and concessional capital flows emanating from Iraq and Kuwait? There are no up to date statistics available for any of these elements, and hence the relevant orders of magnitude have to be gauged through an examination of recent trends in the variables concerned or in their proxies.

Merchandise exports to Iraq and Kuwait form a very low percentage of total Indian exports. In recent years, this had dipped below the one percent level. The long term trend has been a declining one. Within the OPEC group of countries, the share of Saudi Arabia has been rising in contrast. For 1988/89, the total value of sales to these two countries was Rs 208 crore[6], or about US $115 million. To this must be added the loss of foreign exchange earnings on account of project exports. It is likely that the share of Kuwait and Iraq in this element would be substantially higher than in merchandise exports. On the other hand, the Indian share of earnings of the total investment outlays handled by Indian companies would be only a minor fraction of the total. Even on a conservative estimate, net foreign exchange earnings dropped could exceed the loss of merchandise exports. Hard data are not available to make any fair estimate; here a figure equal

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[5] Take for instance the consequences for the price of oil. War could lead to a massive destruction of the oil producing capacity of the region, leading to dramatic increases in the 'normal' price of oil for the medium term; on the other hand a scenario is also possible to imagine where the war resolution process leads to a new supply-side stability which also keeps prices not too different from the pre-crisis levels. So also, the impact on the likely post-war level of demand for migrant labour is impossible to predict without making wide-ranging assumptions about the scale of the damage, as well as the scale of reconstruction desired and feasible in the post-war situation.

[6] One crore = ten million.

to the level of merchandise exports is used.

Ever since the Indian connection with the Gulf countries has been intensified by the mass migrations, the flow of tourists from that region to India has been rising steadily. Over the past two decades, while tourist arrivals in India from all destinations have risen three-fold, those from the Gulf region have risen ten-fold. It might be arguable that Kuwait and especially Iraq would be relatively small in this flow in absolute terms. Even if one took ten per cent of the arrivals to be from Kuwait, and one assumed an average stay of ten days and an average expenditure of US $200 per person per day, the total figure would be US $20 million per year.

Concessional capital inflows from Iraq and Kuwait into India have been virtually non-existent. Over the period 1980-81 to 1989-90, Iraq and Kuwait have together provided external assistance to India to the tune of Rs 202 crores in loans and Rs.7 crores in grants. At maximum, their share was 2.3 per cent of total external assistance authorised; in the late 1980s, this had dropped to a negligible 0.3% (Economic Survey, 1989-90, Table 8.2,s-87).

As such, the major inflow of foreign exchange takes the form of migrants' remittances. Some estimates of relevant variables are summarised in Table 1. Assuming that 75% of the total of 181,000 Indians in Iraq and Kuwait were workers (a figure of 75.7% is reported by an ILO document), and that every worker on average sent home a monthly remittance of Rs 3,000, equivalent to 50 Kuwaiti dinars (KDs), the figure for the loss of remittances would be approximately US $270 million per year. However, micro-level information suggests that a very considerable percentage of these flows, perhaps as much as one-third, could take the form of informal transfers through <u>hundis</u>[7]. The loss of foreign exchange earnings could then also be cut to perhaps US $180 million per year. While the sum involved

[7] A so-called "informal", but highly organised and effective mechanism for making financial transfers, whereby the migrant overseas would make, say, a dollar payment to an agent whose counterpart would make a corresponding local currency, i.e., rupee, payment to the nominee of the migrant in India. This system is quick, competitive, and fairly reliable. In some cases, the migrant makes the dollar payment upon telephonic confirmation of the receipt of the rupee payment by the nominee, thus passing on the risk of default to the agent.

is not insignificant in absolute terms, its relative importance in the total value of imports, or in the total availability of foreign exchange, is low enough for even its entire loss not to constitute any major blow to the Indian economy. Thus, losses could be estimated at:

	US $ mill
Merchandise exports	115
Project exports	115
Tourism earnings	20
Remittances through official sources	180
Total	430

At this stage, it might be useful to consider a few additional factors which would come into play in determining the trend of exports to and remittances from the rest of the Gulf region in the wake of the crisis. Firstly, with regard to exports, it is worth noting that at the present juncture (November 1990), there is the prospect of over three hundred thousand US troops plus an additional 100,000 other allied forces being stationed in Saudi Arabia in the near future. In almost any post-crisis scenario, a substantial number of these visitors would stay on,[8] providing a considerable (even if indirect) demand impulse in the region. This could have the effect of reviving the demand for migrant workers, especially in the service sectors, to a noticeable extent. In turn, this could suck in some induced exports from India. Secondly, the oil production quota of Iraq and Kuwait has been taken up by other OPEC countries, most notably Saudi Arabia. Furthermore, all oil is being sold at nearly twice the pre-crisis prices, thus making for a dramatic increase in the oil take of the rest of the Gulf countries. This implies a substantial fiscal possibility for an expansion in the level of domestic activity in these economies.[9] Indeed, some such expansion might

[8] In reality, the total number of foreign troops involved in the region was a multiple of these early levels. It is not known with certainty how many have 'stayed on' after the cessation of hostilities. On the other hand, it is possible that with respect to victualling and supplies, the forces might have been more self-contained than assumed here.

[9] Again, the actual turn of events brought the oil price down close to the pre-crisis level. The oil take of the non-Iraqi OPEC countries, especially Saudi Arabia would nevertheless have increased on account of sharing out of the Iraqi quota. Re-construction activities are also likely to be financed from war reparations to be claimed from future sales of Iraqi oil.

also be perceived to be imperative for maintaining political calm and keeping the lid on the potential threat arising from Arab nationalist reactions to the presence of alien troops on Arab lands on a large and sustained basis. There are grounds, therefore to expect the operation of some mitigating factors offsetting the loss of Kuwaiti and Iraqi remittances and exports.

Apart from these forces, it is also necessary to consider the manner in which the Iraq-Kuwait crisis could affect the flow of remittances from the rest of the Gulf region through altering the savings and remittance-transfer behaviour of migrants settled in these countries. While economy-wide data on remittance flows (in the wake of the crisis) are not available, some micro level evidence gathered through field investigations in Kerala's "Gulf pockets" provides some early indications. Comparative statistics on the level of remittances for the months prior to, and after the crisis reveal that in the cases of the four local branches which provided such data, the level of remittances has not declined at all. In two cases it shows no decrease, while in the other two cases, a perceptible increase has been reported in the total remittances received from the rest of the Gulf countries after August 2. This contradicts initial expectations and predictions of a significant loss of remittance earnings and as such requires explication.

There could be two major reasons for this development. Firstly, the dramatic increase in risk levels in the Gulf has induced Indian migrants in other Gulf countries to transfer (a part of) their accumulated financial savings, previously held there, to their non-resident external (NRE) accounts in India. Previous studies of the savings behaviour of migrants suggested that migrants with certain characteristics and post-return strategies prefer to accumulated some tranche of savings to be brought back with them upon their return.[10] Secondly, given the higher risk levels, and considerable degree of disturbance to the informal financial circuits as

[10] See, for instance the findings of the studies conducted by ARTEP/ILO, New Delhi, in Pakistan, as reported in Amjad, R. (1989a).

well, it might have been found judicious by many migrants to alter their normal dependence on the informal transfer mechanisms, and to switch to remittances through banks. Both effects, it could be argued, could be temporary. However, it may also be noted that neither is reversible: savings remitted into NRE rupee accounts (overwhelmingly the most popular type of account used) are not reconvertible or repatriable; and the same applies to the switch from hundis to banks. In fact, the latter represents a net gain in remittances in terms of foreign exchange earnings which might otherwise have never entered the country's banking system. Some of the buoyancy might therefore disappear after the lapse of a few months; it is only then that the scale of the net loss of remittances on account of Kuwaiti and Iraqi losses might surface.[11]

However, there might be other reasons for expecting some improvement in the performance from other Gulf countries. The intensity of the crisis could alter migrant savings and remittance behaviour in a more permanent manner. Migrants could go over to a regular system of remit-as-you-save. Further, the manifest vulnerability of the end-of-service payments - a form of savings which occupied a vital position in the strategies of most migrants, especially those with money to save - could lead to the rediscovery of frugality on the parts of wealthier migrants, and to a special effort to make productive use of savings and remittances in India. Such changes in behaviour could provide a boost to the remittances from other countries on a more lasting basis, thereby offsetting to some extent the negative impact of the loss of remittances from Kuwait and Iraq. Given the fact that these two accounted for 10-12% of the migrant population, even slight to moderate changes in the parameters applicable to the rest of the Gulf region could compensate for the loss.

As far as the macro-economic scenario is concerned, therefore, neither the labour market consequences, nor the effects in terms of the various elements

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11 As at mid-1991, no additional information is available on this aspect.

of the external sector are likely to be excessively damaging even in the short run. Indeed, in the medium term, such negative impacts are likely to be moderated somewhat through the possible operation of some offsetting forces.

The single most significant effect, and perhaps the only macro-economic consequence deserving a crisis label, arises from the impact that the crisis sets up through the dramatic increase in oil prices. The inflationary, recessionary and distributional ramifications of this need to be examined in their own right, and fall outside the terms of reference of the present study. That it constitutes the single most important effect is confirmed by the fact that the incremental oil import bill is likely to be of the order of US $2.4 billion on the basis of projections of last year's import quantities and double the dollar price. (Of course, the bill could be lower in foreign exchange terms to the extent that slower growth is made to absorb part of the impact - but that is tantamount to a rupee redefinition of the cost in terms of local distributional effects.) This figure if five times the figure for the total losses on account of merchandise exports, tourism, and Kuwait-Iraq remittances.[12]

The upshot of the above review, from a policy perspective, then is that in terms of Indian macro-economic and national aggregates, neither the labour market consequences, nor the remittance losses, are of a relative magnitude as to necessitate major policy interventions explicitly on their account. However, serious macro-economic management and policy issues do arise from the significant effect that any sustained rise in oil prices has in the post-crisis scenario. That said, it is worth recording that at this disturbed juncture, there might be particularly high returns to making some special efforts to woo the Indian migrant population in the Gulf with regard to their remittances, and to pursue potential official and private overseas employers with respect to the placement of fresh flows of Indian migrant labour.

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[12] The increase in the price of oil was short-lived. However, in the interim, it still provided an one-off inflationary impulse as several oil importing countries, including India, were obliged to raise petroleum prices. When prices came down, they were not passed on to users.

However, the above conclusions rest on a review of national level rates of incidence. They would also remain valid at the level of the states if it was justifiable to assume that the intensity of the migration phenomenon was evenly distributed across the country. In that event, it could be argued, howsoever controversially, that special economic interventions were not crucial in the labour market or in the external sector of the economy. This assumption is dramatically violated in the Indian case where perhaps some regions are quite untouched, at least directly, by the phenomenon of international labour migration, while some other regions display a degree of linkage so intense as to reduce them virtually to the status of the proverbial "money-order" economy. Kerala provides an example of the latter type and, as such, has been selected as the state in which the localised regional impact of the Gulf crisis is investigated.

III. THE IMPACT ON KERALA

III.1 Introduction

The policy perspective that emerged at the national level is paradoxically reversed at the level of the state. Here, even though the price of oil makes a serious impact, it loses its edge since the state remains outside the purview of balance-of-payments policy interventions. Oil prices are taken passively as a given. In sharp contrast, the labour market and remittance impacts which appeared to pose no serious problems of absorption at the national level now occupy centre stage. Since Kerala accounts for an extremely high proportion of the total international labour migration flows from India, and since the phenomenon also dominates the economy of the state, the Gulf crisis has the potentiality of posing fundamental problems within the region. The rest of this paper is concerned with these issues. Initially, the relative orders of magnitude are established within the Kerala context. Some arguments are developed concerning the likely impact of the disturbance on the Kerala economy. The problem is also viewed from the vantage point of the returning migrant, identifying his or her local assets and liabilities, present strategies and future aspirations. Thereafter, the focus shifts to the strategic and programmatic interventions appropriate to absorb the crisis. This is prefaced by a brief discussion of some special structural features of the Kerala economy, and followed by an identification of a set of projects that could be considered at the state level.

III.2 Orders of Magnitude

III.2.1 Labour Flows

The first dimension to establish is the number of Keralites who were resident in Kuwait, and the numbers who have returned, or could soon be expected to return in the near future, to Kerala.

Some baseline data are available for outmigration from Kerala from the Housing and Employment Survey of 1980, and of a special Survey on the Impact of Gulf Remittances of 1987, both carried out by the Department of Economics and Statistics of the Government of Kerala.

Recently, within the context of the Kuwaiti crisis but prior to the evacuation, information provided by the Indian Government suggested that of an estimated 181,000 Indians resident in Kuwait and Iraq, as many as 110,000 were Keralites. More recent data, albeit still based on informal assembly methods, are provided by the Labour Commissioner of the Government of Kerala who was a member of a four person team specially stationed by the Government in the refugee transit camps in Amman over the period of the evacuation.

The 1987 source is regarded as being statistically unreliable with respect to the total number of overseas migrants as well as their distribution by source. Accepting the informally assembled data for 1990, the Kuwaiti crisis could be said to have affected every tenth Keralite overseas migrant. This is very similar to the relative impact at the all-India level. However, the relative size of the displaced migrants with respect to the relevant dimensions of the resident population is far larger. In relation to the total population the size of the returning population could be fifteen times larger in Kerala than for India as a whole. Again, the size of the returning stock of Keralite Kuwaiti migrants could be as much as 10 per cent of the total public and private sector employment in the state; this would be twenty times the all-India rate. If say 80,000 returnees into Kerala were workers and they all registered at the employment exchange, the length of the live register would increase by approximate 2.5 per cent or by approximately 5 times the rate mentioned for the national level.

Labour Market Impact

It can be argued that such figures overstate the labour market impact. Firstly, a certain proportion of the returnees close to retirement age might not re-enter the labour market at all. Secondly, a slice of the returnees would attempt to set themselves up as employers rather than as employees. Thirdly, a substantial proportion of them would stay out of the market; they would "wait" for the situation to return to normal so that they could resume their overseas careers. Fourthly, should this not happen (soon enough), a significant proportion of them would attempt to utilise their networks to seek employment in other overseas locations. Fifthly, some of the returnees could have the opportunity to rejoin household activities or enterprises, whether in agriculture or sectors.

Destitution

The scale of the open, hard unemployment within the category of returnees might be restricted to a fraction of the total. It would be too cynical to argue that the state, as well as the state government, could absorb the returnees into the large pool of the "unemployed"; notionally the live register of the employment exchanges could be regarded as having increased from about 31 lakhs[13] to say 31.5 lakhs. That said, however, the numbers could be quite large within the migration pockets of the state. The numbers

[13] One lakh = 100,000.

of resident Keralites normally dependent on the migrants could also be substantial. Further, the nature of the phenomenon is such that it could set up considerable social, economic and political pressure points. Earlier, it was estimated, using field information gathered in Kerala that perhaps a maximum of 5-7 per cent of the returnees might be rendered destitute. This would imply a maximum figure of 5 to 8 thousand for Kerala. While the absolute number is not insignificant, it cannot be regarded catastrophic at the level of the state. Nevertheless, there is a job of rehabilitation to be done.

Equity Issues

Given this likelihood that most of the returnees would not be facing financial ruin, as well as the fact that most of them would have saved or created local assets in the past, an acute political and normative issue also arises about the extent of preference that should be given to the entire body of returning migrants in comparison to the sections of the locally resident population which had continued to suffer poverty and unemployment while the overseas migrants had been successfully working, earning saving and remitting over the past few years. This issue gains an even sharper edge given the acute unemployment problem and low growth rates in the Kerala economy, as also the resource squeeze operative on the Kerala Government which constrains it from making any large scale attempts at direct amelioration of local poverty. As such, the accommodation of the returnees could be seen to be a delicate matter, which would be particularly contingent upon the availability of external, incremental resources earmarked for these purposes.

Prognosis

What prognosis can one make for out-migration? The only systematic data that are gathered are the registrations with the Protector of Emigrants. However, while these data have often been used as a proxy for total outflows, it is often overlooked that as many as 15 categories of potential migrants are exempt from such registrations. Further, inter-temporal comparisons are made even more problematic since the categories of exemptions has been varying over the years. The data provided by the Protector of Emigrants in Trivandrum (Tables 8 and 9) have therefore to be treated with caution. It suggests that outflows have risen steadily after 1987. This trend is also discernible (though outflows in 1990 are below trend) for "tourists", a category which is known to include a significant proportion of work seekers. This trend is understated to the extent that some fresh categories of exemption are excluded for the more recent years. Thus, migrants with three years of work were exempted in 1984; nurses in 1987 and graduates and diploma holders in 1988. Of course, not all those who need to register do so in Trivandrum. As such, these data need to be interpreted with great caution. Nevertheless, they do indicate that after 1987, outflows could have been rising.

Secondly, most post-crisis scenarios for the Gulf region indicate a renewal of demand for Asian labour. In some instances, even a considerable expansion of demand above the previous trajectory could be expected.

Thirdly, to a more limited extent, it is worth recording the recent policy shifts in US and Canadian immigration policies intended to allow much higher numbers of skilled migrants in over the next few years. Keralites, with their extensive overseas networks, and with their higher base of human resource development, might be well placed to take disproportionate advantage of such (albeit limited) opportunities.[14]

III.2.2 Remittance Flows

There are two methods of estimating the magnitude of remittances into Kerala. The first, any commonly used one, has been to assume that Kerala's

[14] The East Asian market for migrant labour is also expanding, though it has obvious limitations for the Keralan worker, since the demand is mainly for unskilled service sector workers and for employment in the entertainment sector. In contrast, with increasing European integration, it is already quite apparent that immigration policies are in the process of being closely co-ordinated across West European countries, and being made much more restrictive.

share in the remittances at the all-India level is identical to its share in the overseas migrants. Since there are no hard data available for the latter, this requires another assumed percentage, often placed at fifty by analysts. On this basis, Gulati & Mody (1986), for instance, assume that Kerala's share in remittances from the Gulf region would be 40-50 per cent of the total and not more than 4-5 per cent of remittances from other sources. The figure for 1980-81 is then placed at Rs.826 crores for Kerala. Assuming again that Kuwait accounts for not more than 10 per cent of total migrants, the potential loss of remittances received in Kerala would be around Rs.80 crores, or about 2.5 per cent of the state Net Domestic Product for the year. However, this figure is certain to overestimate the size of the impact of the Gulf crisis for two reasons. For one, 1980-81 was close to the peak with respect to labour outflows; these have steadily declined since then. For another, a significant proportion of the remittances, possibly upto one-half the total, are received in Kerala through the informal, <u>hundi</u> system. this does not constitute a net addition to the income of the state. but is a redistributive transfer payment within the Kerala economy. Even in 1980-81, then, remittances through the banking system might have been 1 - 1.5 per cent of the state NDP.

The second method relies on direct estimates of remittances received by households in the sending economy on the basis of data gathered through the 1987. DES Survey specially designed for this purpose. This shows that on average a Gulf migrant remits Rs.10,455 per annum. Assuming that as many as 80,000 Keralites in Kuwait and Iraq were sending remittances, the total volume per annum works out to Rs.84 crores for the very recent period. Assuming the state NDP to be Rs.6,700 crores for 1987, this constitutes 1.25 per cent of the total. In turn, this percentage again needs to be pared down to leave out the <u>hundi</u> transfers. This would suggest that the loss of official remittances on account of Gulf crisis would constitute no more than 0.6 - 0.8 per cent of the state net domestic product at factor cost.

As mentioned in this paper, this needs further downward adjustment to the extent that the crisis has the effect of altering the behaviour of migrants in other countries in favour of remitting more, and more through official channels. There is some evidence to suggest that such effects might be operative to an extent. thus, in several bank branches specialising in "Gulf" accounts in the high-intensity migration pockets of the state, remittances had registered an increase in the two months after the Gulf crisis.

However, it needs to be emphasised that even while the state level impact might be far from massive, specific groups of households, localities, and sectors of economic activity could feel the impact in a much more accentuated manner.

Impact Transmission : Local Cushioning Factors

When the phenomenon of overseas migration is relatively as significant as it is in Kerala, it is inevitable that a disruption in this process would set up a series of negative effects on the local economy. It nevertheless remains arguable that even in the case of Kerala, several special local features could moderate the intensity of such negative effects.

The connection between remittances and the level of investment in the Kerala economy could operate through effects on expenditure or on savings in the economy. On the expenditure side, households receiving such flows invest a certain proportion directly. Most of this is known to have gone into house improvements and construction, or into the purchase of land. With respect to the former, a high percentage of the linkages generated are outside the state. With respect to investment in land, further expenditure effects could be set up through the subsequent behaviour of the sellers of land. However, those selling land cannot automatically be assumed to have done so in order to generate liquid assets for productive investments in the local economy; indeed, it might be more plausible to presume that such transfers continue to circulate within the real estate sector.

However, even consumption expenditures out of remittances could be expected to induce investments through the operation of the accelerator principle. In this regard, however, it is worth remembering that one structural feature of the Kerala economy has been its substantial surplus with respect to overseas trade but a heavy trade deficit with the rest of India. Fluctuations in the level of local purchasing power reflect themselves in the latter figure, since there is a considerable leakage of demand-side multipliers into the rest of the economy. Thus, most luxury manufactured goods, a high proportion of construction materials and fixtures, and indeed a very high share even of items such as vegetables, is imported from other states. To this extent, the impulse provided by remittances into the Kerala economy sets up first round effects leak away into other states.[15] In the context of the current Gulf disruption, this implies that a considerable part of the negative impact will be borne not by Kerala economy but by its suppliers in the rest of India, particularly in neighbouring states.

It is worth noting the difference in the impact of remittances that are transferred officially through the banking system, and those sent through informal channels. In the latter, the expenditure effects are restricted to those which derive from the net redistribution of expenditure between those making and those receiving the informal transfers. This effect is likely to be very much weaker than the one arising from the net receipt of the full sum through official transfers.

The other, savings, link between remittances and local investments could exist through the activities of the banking sector. At least one-half, and perhaps two-thirds of the remittances could be assumed to be received through official banking channels, whereby the receipts are credited into NRE accounts held most in Kerala. The effect that a fall, even a precipitate one, in this level of holdings might have on local investments depends upon the connection, if any, between the level of local deposits and credits of the banking sector. As it happens, the two activities are essentially

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15 For a detailed study of the leakages of multiplier effects out of the housing and construction materials industries, see Gopikuttan,G. (1990). He concludes: "The linkage effects of growing demand for factory-made material have almost entirely leaked into other states. Thus the housing boom in Kerala failed to provide growth stimulus to the rest of the domestic sectors and to satisfy the shelter needs of the poorer sections in society mosty because of the lack of an effective public policy to manage and monitor capital flows into the housing sector activities and to foster the industrial growth necessary for catering to their requirements within the state itself" (p.2087). Unfortunately, the paper is silent on the concrete elements of such a policy.

autonomous. The banking sector is obliged to maintain a certain balance between its deposits and credits, but this applies to all-India and sectoral levels, not at the level of any individual state. It has been argued, though not always with entirely convincing evidence, that Kerala's banking credit-deposit ratio is exceptionally low, implying that financial resources flow out in net terms from the state to the rest of the country. Of course, such financial transfers are not unrequired. But additionally, it would be theoretically more appropriate to regard a low credit/deposit ratio more as a symptom than as a cause of a low rate of investment in the Kerala economy. A drop in local deposits (on account of a fall in remittances) therefore need not affect the local level of credits. The latter are determined independently by the factors determining the opportunities and attractiveness of investing in the local economy. Of course, to the extent that such opportunities are depressed by a decline in local incomes and expenditures, local investment opportunities would also be dampened through the accelerator principle. It has already been remarked though that to the extent such expenditures were on goods and services imported from the rest of the country, the negative effects on investment would also be felt outside Kerala.

This negative effect could also be countered, albeit to a limited extent, by the possibility that the returning migrants might be less risk averse and more entrepreneurial that the resident population, and as such, could lead to a higher offtake of credits for local investments financed by official banks.

In net terms, therefore, the negative effect is likely to be felt within Kerala disproportionately by specific districts, by specific groups of migrant and migrant dependent households, and by certain sectors of economic activity such as housing. To a greater extent, perhaps, the impact is likely to be received in a more diffused manner outside the state in locations specialising in supplying Kerala's import requirements from the rest of India. In turn, since few of the latter group of industries are likely to be catering to Kerala demand alone, the impact of the negative multiplier could well be absorbed without causing serious disruption to any of these industrial centres.

III.3 Crisis-returnee Perspectives

It may be argued that the impact of the crisis would be felt most intensely by the migrant households themselves. Questions concerning the scale of their losses in Kuwait are dealt with in the following section. Here, before moving on to issues pertaining to policy responses appropriate for absorbing the impact, it is necessary to situate the discussion in the context of the balance sheet of the assets and liabilities held in India by the returnees.

III.3.1 Local Liabilities

The crisis-returnees have walked into a mixed bag of some expected and some unanticipated liabilities. Four significant ones may be recorded immediately.

Firstly, when abroad, the migrants were supporting often not just the members of their direct families, but also wider kinship networks. Many of these liabilities are likely to shrink or to be given up unilaterally given the exceptional circumstances. However, there will remain a significant percentage of cases where such ties of dependence are unavoidable, or voluntarily still retained. Secondly, house-construction being the favoured investment activity financed from remittances, it is impossible that considerable numbers of migrants have not got caught out with semi-finished houses and without the capital to finish them. Of late, the increased cost of construction as well as the scarcity of skilled construction workers has meant a considerable lengthening in the time required for constructing a house. This effect aggravates the situation and has multiple consequences: migrants do not have a place to stay in several cases; they cannot derive any rental income from letting out (a section of) the house; they cannot use it for collateral effectively; and as the period of construction is now increased on account of a lack of liquidity, additional financial burdens could arise from accumulating interest payments on any supplementary loans that might have been taken.

Thirdly, those with school-going children have an acute problem of finding suitable placements for them within local systems. But arranging admissions can involve quite substantial expenditures.[16] This is a problem which probably applies disproportionally to middle class households. However, in contrast, the fourth liability operates specifically on the poorer sections of the returning migrants. It is variously estimated that an out-going migrant has to bear a cost of Rs 25,000 to 40,000 for the various services which the recruiting agencies perform. The cost incurred seems to be inversely related to the level of skill, qualifications and expected salary on the one hand, and with the degree of difficulty of the work itself on the other. It is also generally agreed that it could take the unskilled migrant anything upto 2-3 years to be clear from the debt that has to be incurred on this account, especially if a significant part of the debt attracts payments of interest at informal sector rates. Perhaps about 20% of the migrants could perhaps be assumed to fall under the 2-year cut-off point, and about 7.5% to fall under the more stringent 1-year mark.[17] It might be reasonable to assume that at least 10% of the returning migrants would have been obliged to return into serious personal financial trouble. Of course, it remains true that some of these would belong to households which could reabsorb them without any difficulty, and that some others would still have immediate relatives in other Gulf (or yet other) countries. Yet others might have had other previous stints abroad that were successful. Keeping these qualifications in mind, the percentage of returnees who might be destitute, or forced into financial embarrassment, might be placed at perhaps 5-7% of the total, or in the present context, at approximately 8,000 at maximum. Given the very rough procedures used, a considerable margin of

16 In some cases spoken of in Kumbanad, Kerala, families were having to pay approximately Rs 25,000 per child for admission, of which sum Rs 15,000 represented an interest-free "deposit" demanded by the school. One family thus affected had three children, and found the burden heavy indeed.

17 Going by statistics on the length of service of Gulf migrants as revealed in a Kerala survey (GoK/DES;1987:20), 15.3% of those in the Gulf had been there for under 2 years and 27.2% for under 3 years. A spot check on a batch of 105 returnees' applications (made during the period 9.10.90 till 23.10.90) for reclaiming a mandatory deposit made at the time of exit with the Protector of Emigrants (at Trivandrum) revealed that 9 (or 8.6%) were from those who had returned in less than one year; 25 (or 23.8%) were from returnees with an exit of less than two years; and 62 (or 59.0%) from those who had stayed away for two years (Field Notes).

error needs to be allowed in this estimate.

III.3.2 Local Assets

Six types of assets need to be recorded. Firstly, the single most popular activity financed by remittances is known to be house construction. Most return migrants who have stayed out long enough to make net savings could expect to an improved, extended or new housing structure. Over the period, land and house-construction price indices have spiralled, and as such, this investment could have attracted substantial capital gains. Secondly, many migrants, especially those with rural backgrounds, might have invested in a small plot of agricultural or other land, even if only to the extent of 10 to 50 cents.[18] This would also have appreciated in market value substantially. Thirdly, returning families might have brought back some gold and jewellery. Advantage could be taken of the considerable differences in the local and international prices of gold.[19] Fourthly, the returnees could be expected to be carrying a certain sum of Kuwaiti dinars. This would probably apply to the richer sections which would have had access, even in the time of the crisis to considerable cash balances. Given the maximum of 400 KDs that the Indian authorities allowed any returnee to convert, and also given the very heavy discount rate applied in this transaction, those with substantial balances would still be in possession of them. Fifthly, some of the returnees might have had the foresight and the ability to have invested in productive assets in India instead of, or more likely in addition to, their investments in housing. These could have taken the form of commercial establishments in the service sector, of commercial transport vehicles, or of bigger establishments such as hotels.[20] Finally, it is important to consider the question of the bank balances held by returnee migrants. These would vary dramatically across cases depending

[18] One cent is one-hundredth of an acre.

[19] Customs procedures and restrictions were consciously relaxed during the course of the evacuation, though effectively really only towards the latter phase of the process.

[20] One senior returnee had come back to the relative security provided by the medium sized hotel that he had constructed in the "gulf pocket" of Chavakad (Kerala), his home village (that was).

upon the specific location of the migrants within the wider social, economic and cultural spectrum. That said, speculation on this score could be aided, or even be substituted by citing some indicative local level data gathered from banks in specific Gulf pockets in the course of a field investigation in Kerala.

In a local bank branch serving a relatively poor area in Trivandrum district, it was forcefully argued that even if for want of opportunity, most money was remitted through official channels and held in banks. Here, 46 lakh rupees were held in 141 Kuwaiti migrants' NRE accounts, at an average holding of Rs 33,000 per account. The 90 Saudi Arabian accounts had an average holding of Rs 99,000; all 563 external accounts held a total of 168 lakh rupees, or an average of about 30,000 rupees per account. It might be pertinent to record here that in one village served by this branch, as many as 250 migrants had returned from Kuwait in the period since the crisis. The village population comprised an ex-fishing community where traditional mutual support systems were still alive and able to absorb the returnees, at least in the short term - no doubt strengthened in this by the fact that the system had itself benefited greatly in normal times from the remittances of the same returnees when they were in Kuwait. In the second, richer, much more individualistic and impersonal location, the local bank dealing heavily with remittances held about 100-120 Kuwaiti accounts. Of these, 20-25 had gone dormant in the past few years (the account holders presumably having returned but not yet closed their accounts); about 10-15 held deposits in excess of 2 lakh rupees each; and of the rest only 25 or so had a deposit of less than 10,000 rupees on a regular basis.

III.3.3 Returnee Orientations

In interpreting this balance sheet, a few other observations are perhaps necessary. Firstly, most returnees might not be impecunious in terms of asset ownership, but could nevertheless find themselves in a partial liquidity crunch. Secondly, the asset portfolio might be quite unsuited for their present needs, and yet, altering it radically could involve considerable transaction costs and uncertainty. This would apply all the more in cases where the returnees were on the look out for the first available opportunity to go out again. This inflexibility in the portfolio could make for a persistence of the liquidity squeeze. Thirdly, since the return has been an unplanned one, many long term migrants, despite holding substantial assets, might be at something of a loss with regard to optimising their productivity even in situations where they do intend to stay on in India. Fourthly, the experience of other countries has suggested that returnees take much more than the average time for a successful local job search, no doubt partly on account of their higher aspirations and desired minimum conditions for acceptance. During this period, savings are depleted; indeed there could be an unproductive relationship between such an erosion of the returnee's staying power and the decision to give up the search in favour of job that might have been rejected at an earlier stage of the search process.

In general, returnees could fall into two groups. In the first case, their aspirations would be all outward looking; they would wish to make only a minimum degree of re-integration into local society, and all energies would be devoted to landing another job overseas. In the Chavakad case referred to, interviews with a group of a dozen Kuwait returnees all drawn from the upper end of the income, skills and duration-of-migration scales produced a strong consensus with regard to their short and medium term strategies. All wished in the first instance to resume their employment in a post-crisis Kuwait; if that did not materialise in the near future, they would activate their second option, viz., migration to other destinations on an emergency basis; only if that did not work out over the coming months would they consider the question of re-integrating into the local economy. As such, their asset handling strategies, as well as their requests for assistance from the Government were designed to assist this prioritisation of alternative courses of action. Thus, claims for losses, continuation of children's education, and short term provision of government sector jobs (which could be both taken as well as given up without delay or other transaction costs) were their main priorities. Seeking out local investment possibilities or Governmental loans for setting up new economic ventures was quite remote from their plans.

While most returnees would nurse the hope of finding a way back to the Gulf region, there are probably substantial sections which have socio-economic, demographic or attitudinal attributes which orient them strongly in favour of making a permanent return. Once this is explicitly acknowledged, the decision could also focus their considerable initiatives on the business of re-integration. Several such groups were also encountered and their persistence in seeking specific forms of government assistance in making a breakthrough in terms of local investments etc. stood in stark contrast with what might be called the selective long-distance attitude of the previous group to the local scene.

However, the one point on which all returnees found complete agreement was the issue of the recovery of losses they had incurred in the crisis.

IV. STRATEGIES FOR REABSORPTION

Even though the leakages discussed earlier, as well as the relatively well-endowed nature of significant percentage of the returnees, might take the edge off the local impact of the crisis, it remains necessary to devise interventions which would further mitigate the negative impact in the short run, and which would lead to a more effective indigenisation of the developmental potentialities of overseas migration in the longer run. Two alternative, though mutually compatible, approaches are possible. The first policy stance could emphasise the importance of stimulating local economic growth. The second, which would gain special importance to the extent the former was difficult to achieve, would underscore specifically targeted project interventions designed to make best use of the labour and capital resources of the returning migrants.

IV.1 Stimulating Economic Growth

Earlier, it was noted that the Kerala economy generates substantial savings which are then not invested in local productive activities. It is necessary to view this in a more disaggregated manner. On the one hand, within the private sector, Kerala generates local savings, very largely through the remittances of the overseas migrants. These household sector savings are held in deposits, though there is evidence that the new Cochin Stock Exchange has absorbed a very considerable volume of local investible funds - the overwhelming proportion of these could safely be assumed to have been invested in companies operating largely outside Kerala. On the other hand, the Kerala government sector presents a stark contrast. the developmental plans of the Government are severely constrained by a resource bottleneck. To begin with, for special reasons, the Kerala Government suffers on account of a low tax base. This is partly due to tax constraints operative on the export sector which forms a relatively larger part of the Kerala economy than in many other states or in the country as a whole. In part it is product of the low growth rate of the economy, and in this sense, feeds on itself in dynamic terms. The situation is much exacerbated, paradoxically, by the special development priorities which successive Kerala government have followed with much success in the areas of social and human resource development. The rising longevity of the population has meant a heavy and increasing insurance burden; the extensive development of the social sectors implies very heavy recurring expenditures. Analysts have gone so far as to characterise the Kerala economy as being in the grip of a fiscal crisis.[21] At the same time, the Kerala Government is constitutionally unable to directly lay claims on the utilisation of the substantial foreign exchange and rupee resources that derive from the remittances on account of its lack of control or influence over the banking sector.

This resource constraint operative on the Kerala State Government is further

[21] See for instance, George, K.K. (1990), who argues that "the fiscal crisis is contributing to the state's development crisis, which in turn is deepening the fiscal crisis" (p.2097). The state's plan priorities have "resulted in insufficiency of funds meeting expenditure on economic services"; however, George sees the main causal factor and solution as being external, in that the Gadgil formula determining central plan assistance to state governments would have to be amended (p.2105).

accentuated by the relatively low share that the state enjoys of all investments financed by the Central Government in public sector industrial undertakings. Kerala's share in the total has declined from 3.27 per cent in 1973-74 to 1.57 per cent in 1988-89, in sharp contrast to some other states.[22] If population shares are taken as a criterion, the volume of central government investment in Kerala should be well in excess of twice the level thus far achieved.[23]

It can be argued that one of the reasons for the low private sector investment (whether by Kerala entrepreneurs or by those from other states or countries) is the depressed level of public sector investments. The latter are often hypothesised to have the potential capacity to stimulate a wide range of spin-offs and multipliers leading the initiation of new smaller scale industrial ventures catering to the direct and indirect demands set up by the initial heavy dose of public sector investment. Indeed, this stance is officially adopted by the Kerala State Government. It argues that "rapid industrialisation of the state ... will be possible only through substantial investment in the Central Industrial Sector in the State within a reasonably short period of time, which would trigger the growth of other sectors of industry through linkage or multiplier effects; ... such investment ... would form the nucleus around which many employment-oriented medium, small and ancillary units could grow" (Gouri Amma, 1990: Memorandum, p.2). In keeping with this policy perspective, the Kerala Government submitted project proposals for Central Government investments in public sector industrial undertakings to the massive scale of Rs. 6,700 crores over the Eighth Plan (1990-95). Since this entire amount is expected to generate just 13,530 jobs at a phenomenal average cost of Rs. 50 lakhs

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22 For Andhra Pradesh, the share went up from 3.84 per cent to 10.26 per cent; for Maharashtra from 3.86 per cent to 16.70 per cent and for Uttar Pradesh from 4.12 per cent to 8.59 per cent (Gouri Amma, 1990:Memorandum, p.2).

23 Of course, within the framework of Indian polity and federal financing, it is quite appropriate to utilise criteria such as those used by the State government to make its case for higher investment by the Centre. However, to the extent that essentially economic criteria are applied at a country-wide level, the question arises why public sector investments should rush in where even local private investors fear to tread. In this connection, it may be relevant to note that the gross and net profitability of investment in Kerala are far below the Indian average rates, with the net rate having fallen increasingly into the red since the early 1980s (Padmanabhan,N., 1990:2072).

per job (ibid. p.8), much would depend upon the extent of the multiplier effects, and even more, on the ability of the local Kerala economy to respond quickly enough to endogenise the benefits. While this type of approach to can be sought to be corroborated by reference to occasional cases of success, the general experience of industrial location policies as instruments of wider industrial development, or of correcting for other structural roots of industrial disparity, has not been a very encouraging one. It is more likely that should such heavy investments occur in Kerala, the multiplier effects will leak away to neighbouring industrial centres in Maharashtra, Karnataka and Tamil Nadu. It is pertinent to note here that the Kerala economy was on the whole unable to capture the multiplier effects of the boom in the construction sector, despite the much lower level of industrial complexity of the products and inputs for which additional demand was created. The nature of, and constraints to, local industrial supply response need to be much better analysed before industrialisation policies of this type are adopted.

A second contributory factor, which could also strongly influence the intensity of realised spin-off effect from any major injection of central government public sector investment, is the relative underdevelopment of economic infrastructure supporting industrialisation. Another constraint, or viewed optimistically, a potential source of growth, is the agricultural sector in Kerala. While this has suffered relative stagnation since the 1970s, the possibilities (as indeed the necessity) of its revitalisation need to be emphasised (Kannan & Pushpangadan, 1990). Two innovative opportunities mentioned in this regard are inter-cropping of coconut and sericulture (Government of Kerala/State Planning Board, 1989).

However, the main factor generally emphasised in this context is the uncertainty and risk level associated with new industrial investment on account of the nature of labour organisation in Kerala. Here again is an indication that past success with respect to labour mobilisation and organisation has not been without a price, even if the bill has arrived with a lag. The Government of Kerala has been at pains to assert that the industrial relations climate in the state has improved over the past years and now definitely does not pose a threat to potential investors.[24] While any judgement on this has to be based on more detailed analyses of the trends in and the impact of unionisation, what has to be contended with and transformed are the perceptions and expectations of potential entrepreneurs both within Kerala as well as outside it.[25] Such attitudes might alter only after considerable continuous periods of industrial peace, as the example of West Bengal illustrates. Various (groups of) potential investors within the Gulf returnees pointed to this as an important consideration.[26] Indeed, cases were reported to the mission of Gulf returnees having made investments in industrial and service sector enterprises, but in border towns in neighbouring states. Wooing private industrial investment, especially on a large scale from outside the state, is therefore not likely to be an easy or quick task, though it is reported by the Kerala Ministry of Industries that the recent trend has been buoyant, and that the Cochin export processing zone has been heavily subscribed to.

In short, then, while the Kerala economy generates a considerable volume of private savings (at the household level), private sector investments are unable to absorb these. At the same time, the public sector is acutely resource constrained, but cannot have access to these savings which are mostly deposited in the nationalised banking sector.

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[24] Till the mid-1980s, Kerala's record with respect to unionisation, labour militancy, disputes and days lost, was second to none, with the possible exception in some respects, of West Bengal. Thampy (1990:2082) argues that "the trade unions in the state have proved that even with a minimum number of strikes or disputes, they can instensify and prolong the effect of it on the entire sector; ... the intensity of unionisation and the peculiarity of trade union culture and its behavioural pattern in Kerala determine to a large extent the investment climate and ultimately shape the prospects of industrialisation in the state". However, in terms of the numbers of strikes and lockouts, and the consequent numbers of days lost, the trend since 1987 seems to have been downwards: the former fell from 103 in 1987 to 62 in 1989, and the latter from 23.5 lakh days to 17.1 days for the same period (Government of Kerala, Budget Speech, 1990:30).

[25] These perceptions obviously have a material basis. For instance, the Kerala small-scale industrial sector is found to have lower labour productivity but higher wages than the Indian average in the mid-1980s. Of 15 states, Kerala ranked a lowly 13 with respect to both the level of fixed capital per employee and fixed capital per unit value added, but 4 in terms of emoluments per employee and 3 in terms of emoluments per unit value added (Thampy, M.M., 1990:2078).

[26] Two episodes illustrate the situation. In the first case, a small-scale industrialist eventually obtained the release of a substantial loan only to return to an (almost) simultaneously announced union action at the factory. Repayment obligations mounted while the production process stopped; eventually, so did the factory. In the second, the very success of a co-operative venture in the small-scale sector attracted the attention of political party operatives who vied for control at factory level; the form that this politicisation took meant that the factory had to be shut down.

Finally, it is necessary to remark on the scenario with respect to aggregate economic growth. While Kerala has achieved dramatic success with respect to social development, its record with respect to state-level GDP has been one of the relative stagnation over the last decade at least. To a great extent, this is a misleading statistic, since it ignores the very heavy inflow of remittances into the Kerala economy from overseas, an item which does not directly enter the GDP accounts. However, what is significant is this stagnation of domestically generated product even over a period when the inflow of remittances was probably rising quite dramatically. There appears to be a very weak linkage between the income generated overseas and the local economy. This is borne out all the more when considering the same data at district level. It transpires that on the whole the districts which display the highest intensity of outmigration to the Gulf are also those whose GDP performance has been relative inferior to low-migration districts.[27] It could be hypothesised that the heavy outmigration (as also the subsequent receipt of remittances) has not automatically led to any perceptible increase in the level of per capita GDP at district level, or to a major structural shift in favour of the secondary sector. Mallapuram provides a good illustration of this, with the agricultural sector atrophying[28] in favour of a burgeoning services sector in the 1970s when the migration phenomenon was accelerating, and with the share of the secondary sector also falling back during the 1980s, when the pace began to slacken. This apparent failure of the migration phenomenon to generate local development provides a dark picture of the situation; the silver lining perhaps could be that given this weak linkage, the recent crisis is unlikely

27 This is evident from the data in Tables 8, 9 and 10, which also yielded the following regression equation:

$$\text{Log MIGINT} = \underset{(4.22)}{4.332^*} - \underset{(-4.13)}{0.00262\ \text{PC81}^*} + \underset{(3.73)}{1.384\ \text{COASTAL}^*}$$

R-Sq (adj.) = 0.77; * = significant at 1% level.

where MIGINT is the migration intensity (col. 3, Table 10), PC81 is the Net Domestic Product per capita in 1980-81 (Table 9), and COASTAL is a dummy variable which is operative for the coastal districts of the state. The fit is quite robust, with the semi-logarithmic specification picking up the chain-migration effect leading to exceptionally high migration intensities in the traditional "Gulf pockets", especially in Malappuram and Trichur.

28 This is illustrated by the trend in rice production for the decade starting 1975-76: for Kerala as a whole, the index dropped to 85.9, whereas for Malappuram district, it fell much more noticeably to 71.4. However, simple causation is unlikely, since Trichur experienced an increase in rice production.

to make serious impact on the domestic Kerala economy even if the level of remittances were to decline perceptibly. In the main, however, this missing linkage bears testimony to the relative neglect, or inability, of the state government to attach any special priority hitherto, to the question of indigenising the potential development linkages of migration.

IV.2 Project Interventions

On the basis of this analysis, it might be unwarranted to rely on any spontaneous growth process to absorb the return migrants into productive employment in the Kerala economy. Once again, the national and the state level scenarios provide a sharp contrast. At the India level, it has been argued elsewhere (Saith, 1989) that there might have been too heavy a policy preoccupation with converting the **migrant saver** into a **self-employed investor**. It was argued that while policies should be adopted to maximise the flow of remittances into the economy, perhaps capital market institutions, both in the public and the private sectors, should be made to direct such migrant savings to effective investors in the economy. However, such a stance becomes somewhat untenable in the Keralan context. Here, while still emphasising the issue of maximising the volume of official investment into Kerala, it becomes crucial to direct such savings into investments made **within the state**. Leaving the savings-investment link to the private and official capital markets implies the substantial leakages out of Kerala referred to earlier. Such leakage in turn implies that while Keralite migrants still receive rentier income transfers, their savings and investments have only a limited impact on <u>local</u> creation of jobs and value-added.[29] In this context, programmes and policies aimed at converting the well-endowed return migrant from a passive saver into a dynamic <u>local</u> entrepreneur gain special significance. The importance of such interventions is further enhanced given the severe resource constaints operative on governmental development activities.

[29] On the basis of a detailed estimate of the cost structure of housing investment in 1980-81, Gopikuttan (1990: 2087-88 ff5) estimates that "if all the building materials were produced within the state itself, the [Kerala] economy could have provided full-time employment to about 10 per cent of its workforce in the housing and housing-induced material production sectors alone".

Here, it is pertinent to take cognizance of the Kerala Government's memorandum to the Central Government registering an ingeniously devised claim for Rs 750 crores, being the amount of benefits that would have accrued to Kerala, under prevalent export incentive schemes, if the volume of foreign exchange remittances generated by Kerala migrants had instead been earned in the form of merchandise exports.[30] While this claim must remain contestible, the supporting memorandum does provide a short list of wide-ranging measures that could be financed from such resources.[31] These suggested programmes and measures require much more careful elaboration and evaluation before they can be treated as viable policy interventions.

While detailed a detailed project portfolio was not really possible to develop within the constraints of the present exercise, preliminary groundwork suggests several potential areas for intervention in the type of predicament in which Kerala found itself in the wake of the crisis.[32]

1. Forced ejection and return creates an urgent need for ameliorative measures directed at reducing or removing specific hardships arising from the dislocation suffered by a section of the returnees.

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[30] The export-incentive rebate is assumed to be 15 per cent, and this is applied to the estimated total remittances made through banking and other legally permissable channels of Rs 5,000 crores.

[31] The measures proposed are in three categories: protection against risks overseas; resettlement of returnees; and, other support activities. The first covers insurance against death and disability, insurance against premature termination of overseas job, and legal advice and support; the second covers collection and analysis of information, identification and preparation of projects, entrepreneurial training, capital assistance and interest subsidy, technology parks, placement system for returnee migrants, and saving schemes for overseas workers; the third category includes housing, educational facilities and women's welfare. It is worth pointing out that with respect to many of the above items, the key constraint thus far has not been the lack of resources, as for instance, with respect to all the items in first category which could be made virtually self-financing. So also, when recently returned migrants demanded additional schooling facililties for their children, the difficulty was only partially a financial one; the more sensitive issue was the manner in which such preferential steps would be perceived by those sections of the resident population that had fared worse than the migrants in economic terms, i.e., by the majority of the population. Indeed, even the seemingly innocuous step of setting up a data system for monitoring the stocks and flows of migrants was politically difficult for the State Government to take since this would formally recognise and register the scale of the problem, and simultaneously create expectations, as well as sow the seeds of new political interventions which could only embarras a resource-constrained government.

[32] Most of these are selected from a wider cumulative pool of proposals put up by various groups of return migrants themselves, or by the various official or non-governmental organisations which could be involved in the design, execution or funding of these developmental activities. The various types of interventions are discussed briefly below are not intended to be comprehensive; they are meant merely to provide a point of departure for a full-fledged project identification exercise.

2. An administrative mechanism needs to be set up for registering, evaluating and verifying, to the extent possible, the losses suffered by the migrants on account of their ejection. The estimates made in Saith (1991)[33] could serve as a basic checklist. It is necessary, however, to generate more accurate information based on returns obtained from all returnees. Along with this, it is necessary at the national and international levels to consider ways and means for obtaining compensation for such losses.

3. For a considerable section of the returnees who do not have investible resources, or who do not wish to invest their capital in new ventures, a variety of employment-related policy or procedural steps could improve their situation considerably. It needs to be recognised though that in a relatively stagnant macro-economic environment, such job reservationist steps are likely to be part of a near zero-sum game, with other local population groups picking up the bill.

4. It is vital that an effectively functioning facility exists both for the systematic collection of data on and from migrants, and for the dissemination of a wide range of relevant information to the migrants both in Kerala as well as overseas. The need for such a facility has been repeatedly pointed out by many previous studies, and the present crisis emphasises this gap sharply. At present information on the migrants is available at various points in a partial and haphazard manner depending on the procedures of various control points in the exit process.

   Information also needs to be provided in a simple and effective manner on the full range of investment options, opportunities, schemes and official procedures, etc. facing the (potential) returnees. A "single-window" system needs to be set up, linked to a suitably wide and imaginative system for the dissemination of information at home and overseas.

5. There is a crying need for developing a comprehensive insurance cum social security scheme covering the risks encountered by the migrants as well as their families both overseas as well as at home. Such a measure has indeed been included by the Government of Kerala in the Memorandum submitted to the Central Government. However, since such schemes could be expected to be self-financing - if properly executed - their initiation need not await the receipt of additional resources.

6. Overseas employment oriented agencies of the Government need to take up the possibilities of the development of new overseas labour

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[33] Excluding any valuations for the losses of gold and jewellery as well as business losses, the total financial and material losses were estimated at $420 million. Under a second category of losses in the form of employment-related entitlements, the figure estimated was $642.5 million. The total losses estimated were thus in excess of one billion dollars, at 1,062.5 million. On a per worker basis, the loss was US $7,929 (or Rs 1.43 lakhs); on a per capita basis the loss was Us $ 5,870 (or Rs 1.06 lakhs).

markets. These could include the provision of information and the facilitation of the applications of skilled workers and professionals who wish to take advantage of easier immigration policies in North America, but could also explore the possibilities of migration of other less-skilled categories of workers to the expanding East and Southeast Asian markets.

7. A variety of specific measures and schemes directed at actively involving the potential returnee's investible funds could be considered. For illustrative purposes a few might be mentioned.

- overseas migrants could be linked to a new "invest-in-a-job" scheme whereby the returnee could claim a specific category of job so long as he/she had made the required investment outlay through approved channels;
- returnees could be given special rights with respect to the use of some of the foreign exchange they had remitted so long as this sanction was tied to the utilisation of the import entitlement for productive investment activities at home;
- schemes could be directed at better utilisation of the new skills absorbed by the returnees in the course of their overseas work, eg., repair and maintenance of plant and equipment, service sector activities, etc - a certain degree of retraining could be built-in where appropriate;
- entrepreneurial development and facilitation programmes could be adopted and aimed at those persons who have identifed themselves by a willingness to undertake the responsibility of investment activities.

8. The scope, coverage and criteria for some ongoing Government schemes could be adapted so as to orient them also to include such returnees who could fall in the relevant categories. The scheme for Self-employed Educated Unemployed Youth (SEEUY), and to a more limited extent, the IRDP, could provide such opportunities. Alternatively, specially targetted schemes of these types could be initiated in localities where there is an heavy concentration of vulnerable returnees.

9. Finally, major initiatives could be undertaken by the Government in the area of financing productive investment activities in various sectors of the economy. In agriculture, there could be possibilities in the form of expansion of low-cost labour-intensive sericultural activities in Kerala. A wide variety of food processing agro-industrial enterprises could also be set up. Coconut processing plants and tanneries (taking advantage of Kerala's special position with respect to legally permissible cow slaughter) provide good examples of possibilities in this area. Other initiatives could utilise Kerala's well-developed human resource endowment and special locational and natural advantages, eg., in tourism, in developing service sector companies, in the creation of science parks etc.

It needs to be recognised explicitly though that these projects are in some real senses likely to encounter the same constraints as those restricting the strategy of accelerating economic growth generally. Many of the above schemes depend upon the willingness of the potential individual investors to take the plunge and commit their funds in the Kerala economy with all its attendant risks. Most of the remaining schemes are dependent upon initiatives from the State Government whose ready willingness to invest in such schemes might not be matched by its resource capability. It follows that the implementation of any such project portfolio would require policies which target the willingness of the private investors on the one hand, and the injection of a certain quantum of external funding on the other.

V. EPILOGUE

The virtual impossibility of predicting the course of events in the short run, especially in the period between the crisis and the war, is demonstrated by the bahaviour of the price of oil. It had been expected that in the event of war and Iraq firing its scud missiles at the Saudi oilfields, the price of oil would become totally unstable upwards. As it turned out, despite the war and the scuds, the price fell back and remained stable. Oil pricing and stocking policies could hardly be made with any reasonable degree of confidence in the face of such unpredictability.
Again, in the event of war, it was expected that there would be a massive round of expenditures on reconstruction in Kuwait and Iraq. While the former is indeed occurring, the latter is not, and again on account of an unforeseeable and unlikely event, viz., the survival of Saddam Hossain and the consequent, continuing embargo on Iraqi oil sales. Thus, Iraq, which suffered infrastructural losses on a gigantic scale, is unlikely in the near future to be able to finance any serious reconstruction activities.

The experience has also not been without its ironies. Usually, governments of labour-sending countries are rightly castigated for taking too *laissez faire* an attitude with respect to the conditions of the migrants in the

Gulf. The Indian government took a difficult and vulnerable stand to facilitate the evacuation of its nationals from Kuwait and Iraq. But a direct consequence of this has been the animosity that it has aroused with the Kuwaiti rulers, which in turn has implications for the future prospects of Indian migrants there; they might lose out in the massive Kuwait reconstruction stakes.

In the meantime, another type of unpredictability, that of the Indian electoral system and related political acts, has juxtaposed itself on the above pattern of events. The recent Indian general election has brought in a Congress Government, and this change could create diplomatic space to redress some of the negative fallout of the Gulf war from the Indian point of view. More significantly form the point of view of the Kerala Government, the election, and especially the assassination of Rajiv Gandhi, has also seen the downfall of the leftist state government in Kerala. This could lead to easier Centre-state fiscal equations, and could create an environment where additional, i.e., central government, resources are injected into the ailing Kerala industrial sector. Paradoxically, should this happen, and especially if fresh Indian diplomatic initiatives in the Gulf region find some response, the migrants themselves are unlikely to be the beneficiaries - if only because they will probably have moved back, en masse, to their preferred labour market. For the governments concerned, a return to the state of laissez faire with respect to issues concerning migrants would be welcome relief, especially if remittances start to flow in again.

Table 1: India's Merchandise Exports (Rupees crores)

	Iraq	Kuwait	Saudi Arabia	OPEC	Total	Iraq + Kuwait as percentage of Saudi Arabia	Iraq + Kuwait as percentage of Total
1970-71	10	16	15	98	1535	173.3	1.7
1980-81	52	97	165	745	6711	90.3	2.2
1983-84	56	117	245	882	9771	70.6	1.8
1984-85	49	107	272	944	11744	57.4	1.3
1985-86	34	121	221	835	10895	70.1	1.4
1986-87	18	93	214	774	12452	51.9	0.9
1987-88	17	106	296	981	15741	41.6	0.8
1988-89	53	155	325	1209	20295	63.8	1.0

Source: Government of India, Economic Survey, 1989-90, Table 7.4.

Table 2: India's Imports of Petroleum Oil and Lubricants (Rupees crores)

	Oil Imports		All Imports	Oil Imports as percentage of All Imports
	Quantity (mill. T)	Value	Value	
1970-71	12.8	136	1634	8.3
1980-81	23.5	5264	12549	41.9
1983-84	20.3	4832	15832	30.5
1984-85	19.7	5409	17134	31.6
1985-86	19.0	4989	19658	25.4
1986-87	18.5	2811	20096	14.0
1987-88	22.4	4083	22399	18.2
1988-89	24.0	4374	28194	15.5

Source: Economic survey, 1989-90, Table 7.2.

Table 3: Estimated* Remittances to India (Rs. crores)

Year	Total	From Gulf Countries
1984-85	2981.9	1714.5
1985-86	2737.5	1452.2
1986-87	2819.6	1564.9
1987-88	3356.6	1885.7

*Method of Estimation as in Nayyar (1989).

Table 4: Remittances to India in Relation to Selected Macro-Economic Variables

Year	Remittances as a percentage of					
	GDP at market prices	Gross Domestic Saving	Gross Domestic Fixed Capital Formation	Exports	Imports	Balance of Trade
1984-85	1.4	6.1	6.5	24.9	16.0	44.4
1985-86	1.3	5.1	5.1	23.6	12.9	28.6
1986-87	1.1	4.9	4.6	21.2	12.4	30.1
1987-88	1.1	5.1	5.0	20.5	13.1	36.1

Remittances used in arriving at these percentage were taken from table entitled estimated remittances to India.
For other magnitudes, Economic Survey 1989-90.

Table 5: **Sectoral Distribution of Net Domestic Product of Districts at Factor Cost (New Series)**

District	1970-71*	1980-81	1984-85	1985-86	1986-87	1987-88
Trivandrum						
- Primary	48.7	32.8	32.7	29.5	26.8	27.7
- Secondary	15.7	23.7	20.8	21.2	20.9	20.2
- Tertiary	35.6	43.5	46.5	49.4	52.2	52.1
Trichur						
- Primary	49.1	35.9	31.5	34.9	32.2	33.8
- Secondary	19.7	23.7	22.7	21.5	21.3	20.6
- Tertiary	31.2	40.4	45.8	43.6	46.5	45.6
Malappuram						
- Primary	63.7	49.9	42.6	42.2	44.0	42.7
- Secondary	9.6	11.5	11.1	11.2	10.6	10.6
- Tertiary	26.7	38.6	46.4	46.6	45.4	46.6
Kozhikode						
- Primary	55.6	40.1	34.3	33.9	28.2	31
- Secondary	12.1	24.6	24.3	24.4	25.4	24
- Tertiary	32.3	35.3	41.4	41.8	46.5	45
Cannanore						
- Primary	56.2	50.4	40.1	40.2	37.9	39.1
- Secondary	14.7	17.3	17.9	17.9	17.9	17.2
- Tertiary	29.1	32.3	42.0	41.9	44.2	43.7
KERALA						
- Primary	54.7	40.5	38.1	38.3	36.8	37.2
- Secondary	16.4	22.8	21.4	21.1	20.6	20.2
- Tertiary	28.9	36.7	40.5	40.6	42.6	42.7

*Old Series.
Source: Economic Review, Kerala, 1989. For Old Series Gopinathan Nair (1989).

Table 6: District-wise Per Capita Net Domestic Product at 1980-81 Prices

District	1970-71	1980-81	1987-88	1987-88 with 1980-81 = 100
<u>Heavy Migration Districts</u>				
Trivandrum	1309 (8)	1441 (6)	1429 (4)	99.16
Trichur	1317 (7)	1408 (8)	1386 (6)	98.44
Malappuram	1121 (11)	1011 (11)	920 (11)	91.00
Kozhikode	1617 (2)	1534 (3)	1397 (5)	91.07
Cannanore	1547 (5)	1528 (4)	1356 (7)	88.74
<u>Other Districts</u>				
Quilon	1548 (4)	1503 (5)	1356 (7)	90.22
Pathanamthita		-	1486	
Allepey	1219 (10)	1269 (9)	1342 (8)	105.75
Kottayam	1378 (6)	1430 (7)	1483 (3)	103.71
Iddukki	1607 (3)	1929 (2)	1816 (2)	94.14
Ernakulam	1665 (1)	1950 (1)	1922 (1)	98.56
Palghat	1229 (9)	1265 (10)	1256 (9)	99.29
Wynad			1720	
Kasargod			1361	
<u>Kerala State</u>		1463	1416	96.79

Note: Figures in parenthesis are ranks.

Source: For 1980-81 and 1987-88 Economic Review, Kerala, 1989. The 1970-71 figure was arrived at by changing the figures for Per Capita Income at 1970-71 prices in Gopinathan Nair (1989) to a 1980-81 base.

Table 7: Per Capita Income and Intensity of Migration

District	Per Capita Domestic Product at Current Prices 1987-88 (1)	Gulf Remittance Receipts Per Capita 1987-88[1] (2)	Intensity of Migration* (3)	Per Capita "Income" (4) = (1+2)
Trivandrum	2767 (7)	332	8.1	3099 (7)
Quilon	2657 (9)	238	5.8	2895 (11)
Patanamthita	2840 (5)	562	13.8	3402 (4)
Allepey	2579 (12)	168	4.1	2747 (12)
Kottayam	2852 (4)	100	2.4	2952 (9)
Iddukki	3543 (2)	12	0.3	3555 (2)
Ernakulum	3749 (1)	62	1.5	3811 (1)
Trichur	2631 (10)	633	15.5	3264 (5)
Malappuram	1820 (14)	592	14.5	2412 (14)
Kozhikode	2622 (11)	308	7.5	2930 (10)
Palghat	2437 (13)	140	3.4	2577 (13)
Wynad	3445 (3)	18	7.5	3463 (3)
Cannanore	2710 (8)	345	8.7	3055 (8)
Kasargod	2813 (6)	383	-	3196 (6)

*Intensity Rate is the Number of Gulf Migrants in 1980 per 1000 population.

[1]Column (2) was calculated on the basis of Gulati and Mody (1986) assumption that migrants from Kerala accounts for 40-50 per cent of the remittances from the Gulf. The Mean Value was taken.

Figures in parentheses refer to ranks.
Source for Intensity of Migration: Government of Kerala/Department of Economics and Statistics (1987).
Source for Per Capita Domestic Product: Economic Review 1989.

Table 8: Emigration Clearances for Employment & Tourist Visits Granted at Trivandrum Protectorate of Emigrants

Year	Emigration Clearances	Tourist Clearances
1979	7257	n.a.
1980	4461	n.a.
1981	6749	n.a.
1982	9565	n.a.
1983	7358	n.a.
1984	7008	3054
1985	5927	3177
1986	5597	4786
1987	5196	3802
1988	6767	4950
1989	6986	5922
1990*	5426	3759
1990-Jan	618	476
1990-Feb	645	209
1990-Mar	735	499
1990-Apr	536	472
1990-May	623	311
1990-Jun	528	280
1990-Jul	563	274
1990-Aug	462	183
1990-Sep	403	175

*1990 Total upto September

The monthly totals have been adjusted for migration to Maldives and Singapore and tourist totals reflect visits only to Gulf.

Source: Protectorate of Emigrants, Trivandrum.

Table 9: Refunds Granted by Trivandrum Protectorate of Emigrants (Numbers)

Year	Refunds
1987	6753
1988	8717
1989	6771
1990*	4416

*The number for 1990 has been annualised on the number upto 23 October 1990 (3680).

Source: Protectorate of Emigrants, Trivandrum.

Table 10: Overseas Migration from Kerala

	Destination	1980	1987	1990
1.	Migration to Other States in India	300,099	352,404	
2.	Migration to Gulf countries	186,545	300,929	1 m.
3.	....of which, to Kuwait	n.a.	20,162	0.10-0.12 m.
4.	Migration to other Foreign Countries	21,634	28,727	
5.	Total Migration	508,278	682,060	
6.	Overseas Migration as percentage of Total	41.0	48.3	
7.	Gulf Migration as percentage of Total	36.7	44.1	
8.	Gulf Migration as percentage of Total Overseas Migration	89.6	91.3	
9.	Kuwait Migration as percentage of Total Gulf Migration	n.a.	6.7	10-12
10.	Kuwaiti Migration as percentage of Total Overseas Migration	n.a.	6.1	

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