

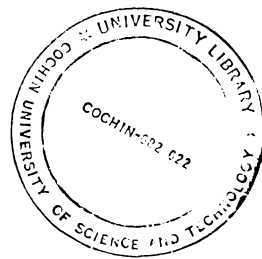
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IMPACT OF GULF MONEY

*With Particular Reference to Chowghat
Trichur District, Kerala*

By

A.M. RAVINDRAN



*Thesis submitted to Cochin University of Science and Technology
for the award of the Degree of Doctor of Philosophy
in Economics under the Faculty of Social Sciences*

1987

C E R T I F I C A T E

Certified that the thesis "Impact of Gulf Money With Particular Reference to Chowghat, Trichur District, Kerala" is the record of the bonafide research carried out by Mr. A.M. Ravindran under the joint supervision of Dr. K.C. Sankaranarayanan, Professor & Head of the Department of Applied Economics, Cochin University of Science and Technology and myself. The thesis is worth submitting for the degree of Doctor of Philosophy in Economics.

V. Karunakaran

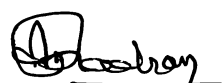
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D E C L A R A T I O N

I declare that this thesis is the record of bonafide research carried out by me under the joint supervision of Dr. V. Karunakaran, Ex-visiting Professor and Dr. K.C. Sankaranarayanan, Professor and Head of the Department of Applied Economics, Cochin University of Science & Technology. I further declare that this has not previously formed the basis of the award of any degree, diploma, associateship, fellowship or other similar title of recognition.

COCHIN - 22
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(A.M. RAVINDRAN)

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CHAPTER I
INTRODUCTION

The history of human migration is as old as history of mankind itself. In the initial stages of history, men led a nomadic life. Hunting was their prime means of livelihood. So they migrated from place to place in search of fresh hunting land. As time passed they began to cultivate and cultivation brought along with it settled life. This was followed by domestication of animals. Increase in population forced them to search for fresh pastures and virgin agricultural land. As civilisation advanced and cities were built, the dominant pattern of migration was from less developed to more developed areas and from the rural to the urban.¹

Human migration in the broadest sense means a change in the spatial distribution of population. Migration studies generally make distinction between 'push' and 'pull' forces operating behind such population movements. Natural calamities, famine, war, political unrest, etc. act as push forces whereas better employment, better income and access to better material resources, etc act as pull forces.²

-
1. John Tanton, "International Migration and World Stability", in Dennis L. Meadows (Ed), Alternatives to Growth-1 A Search For Sustainable Futures, Cambridge (1977), p.244.
 2. F.J. Van Hock, The Migration of High Level Manpower From Developing to Developed Countries. Institute of Social Studies, Hague (1970), p.24.

Population movements across national boundaries are referred to as international migration.³ International migration is divided into two, (1) 'immigration' and (2) 'emigration'. People 'coming in' to a particular territory, country or continent is referred as "immigration" and people going out' of a particular territory, country or continent is referred as "emigration".

STATEMENT OF THE PROBLEM

Modern human civilisation is largely based on the nonreplenishable source of energy known as oil. Major portion of world's crude resources are concentrated in a few particular areas around the world. Principal among them are Gulf Countries, North Africa, U.S.S.R, Venezuela, Mexico and U.K.

The Arab-Israeli conflict of the early 70's witnessed the forging and use of the oil weapon resulting in massive flow of funds to Gulf Countries. This flow of petro-dollars has generated unprecedented development activities in these countries. This has attracted manpower - both skilled and unskilled - to the labour-short Gulf countries from the Asian countries such as Pakistan, India, Bangladesh, Sri Lanka, South Korea and Phillipines. The major share of emigrants from India to these countries came from Kerala.

One noteworthy aspect of the international migration in recent decades is the systematic transfer of large numbers of labour on a temporary basis from developing countries to

3. Table 1.1 shows the principal movements of migrant labour across national frontiers.

developed and capital surplus developing countries. This temporary character has two implications, (1) the emigrant is discouraged from bringing his non-working family members along with him to stay in the host country, (2) there remains strong ties with his family and native country resulting in the tendency to save and remit more.⁴ Naturally, the emigrants remitted a major chunk of their earnings to their households. Although, remittances through official channels have eased our balance of payments difficulties to a great extent, it has created certain problems in the economy. In Kerala emigration takes place from certain pockets of the state. Inward remittances in these pockets have created centres of high liquidity. The pattern of utilisation of the remittances by the emigrant households has also impinged upon the non-emigrant households and the economy as a whole. The present study is an attempt to analyse the impact of inward remittances on the economy of Kerala. The study is made with particular reference to Chowghat taluk, an important Gulf emigration centre of Trichur District.

OBJECTIVES

The main objectives of the study are:

1. To review the estimates made about the number of Keralites employed in Gulf Countries.
2. To analyse the factors that led to their migration.

4. Zafer Ecevit and K.C. Zacharia, "International Labour Migration", Finance and Development, December 1978.

3. To estimate the quantum of remittances made by the emigrants.
4. To examine the pattern of utilisation of the remittances.
5. To analyse the impact of remittances on the non-emigrant households.
6. To study the overall impact of remittances on the economy of Kerala.
7. To enumerate the problems involved in channelising the remittances into productive investment.
8. To examine the role of emigration in easing the unemployment problem of the state.

METHODOLOGY

The housing and employment survey conducted by the Directorate of Economics and Statistics in 1980 has indicated that Trichur District has the maximum number of emigrants employed in Gulf Countries. Of the five taluks of Trichur district Chowghat taluk has the maximum number of emigrants concentrated in the descending order in the three blocks namely Chowghat, Talikulam and Mullassery.

The study is primarily based on the sample survey conducted in two Panchayats, Orumanayur from Chowghat block and Talikulam from Talikulam block. According to the 1981 census, there are 1622 households in Orumanayur and 3212 households in Talikulam. After procuring the copies of electoral rolls of the two Panchayats, detailed discussions were conducted with local people and household were classified as (1) emigrant households: defined as households having at least one member working in a foreign country, (2) non-emigrant households: defined as households without any members employed abroad, (3) ex-migrant households: defined as households having ex-emigrants but not having any member working presently abroad. 350 households were surveyed randomly of which 250 were emigrant households, 60 non-emigrant households and 40 ex-emigrant households.

Since the major part of Gulf emigration took place after the first oil price hike of October 1973, the year 1974 is taken as the base year to which relative positions of the households in 1985 are compared . The year 1985 is treated as the reference year.

Secondary data were collected from the published and unpublished studies conducted by various institutions and agencies like:

1. Directorate of Economics and Statistics, Trivandrum.
2. State Planning Board, Trivandrum.
3. Centre for Development Studies, Trivandrum.

4. Agricultural Economics Research Centre, Madras.
5. Kerala Industrial Technical Consultancy Organisation, Cochin.
6. Commerce Research Bureau, Bombay.
7. World Bank Publications.
8. ILO Publications
9. Contributions of individual researchers.

Data collected from different sources were supplemented by holding discussions with experts in various fields.

LIMITATIONS

The study is subject to the following limitations:

- (1) Chowghat taluk is only one of the pockets of emigration in the State with its own economic and social features. Extending the findings of the study to the State as a whole is bound to suffer from some limitations. Hence at this point heavy reliance is made on the studies conducted in other emigrant pockets by various individuals and institutions. But the methodology adopted by them is different.
- (2) Although the services of local people were utilised to ensure the supply of correct data by the respondents there was a general reluctance on the part of the latter to disclose correct details, especially with regard to assets, income, remittances, etc. Moreover, memory

lapse on the part of the respondents was another handicap.

- (3) As far as the social and psychological impact of emigration is concerned, quantification of all the information gathered was not possible.
- (4) Observations regarding the problems involved in non-resident investment in productive channels are not made strictly on the hard and fast rules of representative sampling. Rather it is mainly based on the discussion with individual emigrants, non-resident entrepreneurs and concerned officials selected at the discretion of the researcher.

SIGNIFICANCE OF THE STUDY

The problems associated with emigration, inward remittances and economic development of Kerala have not received ample attention. Kerala depends much on the inward remittances sent by Keralites employed abroad. It is a State that experience chronic unemployment problem. Emigration cannot provide a lasting solution to the problem of unemployment since its direction is governed mainly by the social, political and economic factors of the host countries. The present study is an attempt to focus attention on the major problems associated with emigration from Kerala. It also tries to deal with the issues involved in diverting the inward remittances to the development of the state which has some vital policy implications.

SCHEME OF THE STUDY

The thesis is divided into ten chapters including the introductory chapter which highlights the problem, objectives, methodology, limitations and significance of the study.

The second chapter sketches a brief historical analysis of the dimensions of Indian emigration. It also reviews the estimates made about the magnitude of Keralites employed abroad.

Chapter III traces the process of emigration, legal issues involved while crossing national boundaries, costs of emigration, etc.

Characteristics of emigrants especially from the study area are portrayed in Chapter IV.

Chapter V deals with the inflow of remittances. Attempts are made here to highlight the relative importance of measures adopted by labour exporting countries to track inward remittances through official channels. It also attempts to estimate inward remittances into Kerala.

Chapters VI and VII, largely based on the primary data collected present the impact analysis. In these chapters efforts are made to analyse the economic, social, psychological and cultural impacts of emigration.

Investment prospect of non-resident Keralites is the theme of Chapter VIII. It examines the various measures taken to promote industrial development by attracting non-resident investment to industrial ventures.

Chapter IX discusses the future of emigration from Kerala especially in the light of declining international oil prices. It also deals with the role of emigration as a safety valve to the chronic problem of unemployment in Kerala.

The last Chapter presents the summary and conclusions of the study.

TABLE 1.1
PRINCIPAL MOVEMENTS OF MIGRANT LABOUR

REGION	LABOUR RECEIVING COUNTRIES	LABOUR SENDING COUNTRIES
1. Europe	Germany, Switzerland, France Belgium, U.K., Australia.	Turkey, Yugoslavia, Greece, Portugal, Spain, Italy, Morocco, Tunisia, Algeria.
2. Middle East	Saudi Arabia, Kuwait, Qatar, United Arab Emirates, Libya.	Egypt, Jordan, Yemen A.R, Yemen P.D.R., Sudan, Syria, <u>India</u> , Pakistan, Korea, Bangladesh.
3. Southern Africa	South Africa	Lesotho, Botswana, Swaziland, Mozambique, Malawi (until recently)
4. Western Africa	Ivory Coast	Upper Volta, Mali, Benin, Guinea.
5. North America	U.S., Canada	Almost all countries in the world. In particular workers come from Mexico, Jamaica, the Bahamas and South America.
6. Latin America	Argentina, Venezuela	Colombia, Ecuador, Peru, Bolivia, Paraguay, Uruguay, Chile.

Source: International Migrant Workers' Remittances: Issues and Prospects.
World Bank Staff Working Paper No.481, Washington D.C. (1981) p.8.

CHAPTER II

DIMENSIONS OF INDIAN EMIGRATION

BRIEF HISTORY

In their own perception of emigration from South Asia, Indian scholars like to dwell upon the buddhist pilgrims of ancient times who travelled into remote corners of Central and Eastern Asia¹. Early emigration seems to have involved only temporary visits abroad. Trade with East Africa resulted in permanent Indian settlement. How far Indians penetrated into the interior of East Africa is a question which still awaits fuller research². Indian gold coins dating back to third century A.D. has been found at Dabra Danno providing evidence of trade into interior Ethiopia. More controversial is the question whether the great monuments of Zimbabwe were erected under Indian inspiration. What is certain is that when the 19th Century European explorers like Burton first ventured into the interior they were guided by Indian merchants. The Indian activities in East Africa had persisted for about a hundred years, but they were still mainly limited to trader communities who had a secluded existence. Even those who brought their families with them like the Ismailis regarded India as their home, where all important decisions affecting their community were made. Slowly their activities extended down as far as South Africa³.

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1. Hugh Tinker, The Banyan Tree, Overseas Emigrants from India, Pakistan and Bangladesh, Oxford, London (1977), p.1.
 2. Ibid., p.2.
 3. Ibid., pp.2-3

Indian emigration in modern times dates back to the last decade of the 18th century, when a small number of Indians emigrated on their own to nearby countries such as Sri Lanka, Malaya and Burma in search of opportunities to acquire wealth. But the major thrust of Indian emigration came after the abolition of slavery in the British territories in 1834 ⁴.

The Act of Emancipation passed by the British Parliament made the liberated slaves 'apprentices' to their old masters for 6 years, during which term the slaves might be educated for freedom, and the master might provide for the contingency of their withdrawal from field labour. The apprentices were bound to give their employers about 40 hours of unpaid labour each week. Parliament granted a payment of 20,000,000 pounds as compensation to slave owners and laws governing the status of the newly freed men were left to the colonies concerned⁵.

The demand for Indian labour arose from the need of British planters in the tropical and sub tropical colonies consequent on the emancipation of slaves. This system of labour importation came to be known as indentured emigration.

The system of indentured labour stood half way between slavery and freedom. The labourers were bound by contract

4. M.C. Madhavan, "Dimensions of Indian Emigration", The Hindu, February 17, 1985.

5. Panchanan Saha, Emigration of Indian Labour (1834-1900), Peoples Publishing House, New Delhi (1970), p.5.

generally for a period of five years. The planters supplied them with food, clothing, shelter, free medical aid and stipulated wages which were generally five rupees per month⁶.

Causes of Introduction of Indian Labour

Abolition of slavery resulted in acute labour shortage in Mauritius and Guiana. In Guiana at least a number of ex-slaves were induced to work whereas in Mauritius almost all of them refused to serve as plantation labour. The apprentice system led to many difficulties. During the hours of enforced labour the planters controlled the apprentices through stipendary magistrates. But after working the stipulated 40 hours a week the apprentices demanded exorbitant wages. Therefore, the introduction of Indian labour was economical. Comparative study of wages and rations of an indentured Indian labourer and wages of a free labourer will clearly illustrate why Indians were introduced in Mauritius.⁷.

The decline of Indian manufacturing industries adversely affected the whole basis of Indian village economy. After the introduction of railways cheap foreign machine made goods penetrated even to remotest villages causing more and more unemployment. Millions of such people (weavers, spinners, smelters, smiths and the like) crowded in agricultural pursuit or

6. Ibid., p.27

7. Ibid., pp.20-21

were pauperised and thus created a fertile field for colonial emigration. Decline of native handicrafts, recurrent natural calamities, oppression of the landlords, all these factors also affected the village economy causing pauperisation in the country side. Like other incidental causes of emigration the so-called Great Sepoy Mutiny of 1857-58 indirectly worked as an impetus to emigration among a considerable number of high caste Hindus in those troubled years.

The emigrant Indian labourers comprising various castes, classes and ethnic groups were recruited from different parts of the country extending over a period of three quarters of a century. This was a crucial period in the history of India with far reaching political, social and economic changes. Therefore, the causes of emigration did not remain uniformly valid for all regions and periods. For the sake of convenience the whole period of colonial emigration can be divided into two halves - 1834 to 1860; and 1861 to the end of the century.⁸.

In the first half, particularly in the thirties and forties the recruiting ground was mainly tribal areas. Most of the emigrants were so-called 'hill coolies' who were recruited from Chotanagpur division, Shahnabad, Bankura, Birbhum and Burdwan districts of Bengal Presidency.⁹. The hill coolies were particularly suitable because of their experience of working in

8. Ibid., p.28

9. Ibid., p.28

the jungle lands, their docile nature and simplicity. The demand for such labour for pioneering work of clearing the jungle lands gradually became so great that the coolie contractors could not satisfy orders. Many entered into the field for collecting coolies for speculative purposes. The main recruiting operation, therefore, was pushed westward into the Hindi speaking zones of Bihar and modern Uttar Pradesh, such as the districts of Gaya, Saran, Patna, Allahabad, Ghaziapore, etc. The recruiting ground was further pushed westward in the 2nd half of emigration.¹⁰.

The main recruiting districts of South India were Trichinapoly, Madurai, Tanjore, Coimbatore, Salem, Chittoor, Nellore, Bellary, Chingleput, Hyderabad, Malabar, Secunderabad, Rajamundry, Bangalore, Vizianagram, Masulipatnam and Madras. The Protector of Emigrants of Madras reported that in South India the largest number was drawn from Godavary, Vizag, Ganjan districts and from Madras and Chingelput. In Bombay Presidency Ratnagiri, Satara, Poona, Sawant Wadi and Nagpur were the main recruiting grounds.¹¹

Conditions of Colonial Emigrants

The real ordeal of emigrants began on board the vessels themselves. Though their conditions continued to be unsatisfactory throughout the whole period of emigration, they were more harrowing during the early period of emigration. Colonial

10. Ibid., p.29

11. Ibid., p.30

planters did not fulfil each and every provision of the agreement. Sometimes the labourers were treated like slaves. Little care was taken about the space, provision or medical care on board the vessel. As a result, the rate of mortality was excessively high during transit.¹² The exportation of labourers in cargo ships was frequent in the early days of emigration. After the tedious journey and horrible experience on board the vessels the labourers reached the colonies in an emaciated condition. Generally emigrants were not given enough time to adjust themselves to the new circumstances.

In contrast to the miserable conditions of Indian labour migrants in the British colonies, non-labour migrants fared much better, and some groups even prospered. The earliest commercial migrants such as merchants, financiers and construction contractors can be traced back to the late 18th century. Over the years they did so well that they became important economic factors. Indians also proved to be invaluable in the clerical and technical services of colonial governments and Indian Sikhs were sought after for duties such as policemen, caretakers and guards. These people received better salaries and wages than what they would have earned in British India.¹³

12. Ibid., p.95

13. M.C. Madhavan, "Dimensions of Indian Emigration", The Hindu, Feb.17, 1985.

Indian Emigration in the 20th Century

Around 1920 under public pressure Indian emigration in the form of indentured labour was brought to an end.¹⁴ During the period of the Great Depression of 1930s emigration touched its rock bottom; in fact, that period witnessed the return of earlier emigrants in large numbers to India. After a brief spell of intensive emigration activity during the second world war period, in the 1940s, the process came to a close with the end of British rule in India.¹⁵

Important changes occurred in Indian international migration patterns since 1946. Nepal, a neighbouring country with close socio-cultural ties with India became the most important destination for Indian emigrants.¹⁶ At the same time there was a steady flow of people with marketable professional skills (mainly medical and engineering) to the United Kingdom, Canada and the United States. Like their earlier predecessors in British imperial possessions, these new overseas Indian communities maintained strong links with the home country even though settlement was almost always on a permanent basis, with regular remittances of money to relatives in India becoming an established

14. Leela Gulati, Impacts of Male Migration to the Middle East on the Family : Some Evidence from Kerala, Working Paper No. 176, Centre for Development Studies, Trivandrum, Kerala, 1983 p.2.

15. E.T. Mathew and P.R. Gopinathan Nair, "Socio-Economic Characteristics of Emigrants and Emigrants' Household - A Case Study of two villages in Kerala", Economic and Political Weekly, July 15, 1978.

16. M.C. Madhavan, "Dimensions of Indian Emigration", The Hindu, February 17, 1985.

pattern.¹⁷ The early emigrants who went to settle down in North America were mainly Sikhs. They saw economic opportunities in industry, farming fishing and in the construction of the trans-continental railroad in Canada and Western Pacific in the United States.¹⁸ Most of the doctors who returned to India took their medical degrees from the United Kingdom and probably about two thirds of the doctors abroad are presently working in U.K. While U.K. stands in the forefront of medical emigrants, United States stands first as far as other professional migrants from India are concerned.¹⁹

Meanwhile a new pattern had began to develop, with the employment of growing number of Indians in the oil producing countries of the Persian Gulf, mainly as traders, professionals and domestics. The construction boom that followed the major hike in oil prices in 1973-74 greatly increased their demand for labour, particularly skilled and semi-skilled, which India was well placed geographically and socially to satisfy. And when Indian construction firms began to gain contracts there, they naturally took their own labour force with them. Indeed their ability to provide large number of comparatively low paid men

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17. Richard Thomas, India's Emergence as an Industrial Power - Middle Eastern Contracts, Vikas Publishing House, New Delhi (1982), p.48.
 18. Prakash C. Jain, "Indians Abroad - A Current Population Estimate", Economic and Political Weekly, February 20, 1982.
 19. Roger Jeffery, "Migration of Doctors from India", Economic and Political Weekly, May 27, 1976.

with all necessary skills must have been a significant factor in their ability to win contracts.²⁰.

Considering the prospects of Arab World after the first oil price hike in October 1973, Paul Shaw observed that, "since 1973, the Arab World has been host to a growth frenzy. Upheavels in virtually every sector of the political economy have relegated social scientists to the spectator gallery. Political scientists have sought refuge in daily newspapers, merely to keep abreast of the continuous drama of power plays and inter-regional tension. Sociologists have been consumed by speculation about psychological dangers of transforming desert outposts into industrial states virtually overnight. Development economists, saddled with analytical tools largely inappropriate to capital-rich labour-short situations, have offered little more than a culture-bound brand of western modernisation and industrialisation. Indeed those who are in touch with the frenetic pace of events in the Arab Middle East and North Africa recognize that they are students of a region truly unique in modern economic history".²¹

20. Richard Thomas, India's Emergence as an Industrial Power - Middle Eastern Contracts, Vikas Publishing House, New Delhi (1982), p. 49.

21. R. Paul Shaw, Mobilising Human Resources in the Arab World, Kegan Paul International, London (1983), p.1.

The largest single group of Indian workers in the Gulf is in the construction works. Indian labour is employed in the building of housing projects, drydock facilities, roads, airports, office buildings and industries. They worked for Indian, British, American, Cyprus and Arab companies. Indians are recruited for the entire spectrum of construction work, as unskilled workers, skilled craftsmen, civil engineers, and managers. The number of Indians engaged in construction work was at its peak in the late 1970s, but declined thereafter, partly because of the increasing success of Korean companies in winning contracts, but largely owing to a slow-down in construction. Construction work is largely short term ranging from one to two years - but it is common for construction companies to move their labour force from one project to another.²²

The second large group of Indians are employed in private sector firms and services. Indians are employed as factory workers, department store clerks, hotel staff, engineers for oil companies, bank officials and in clerical jobs for business. These private sector jobs are among the most prized, not only because the wages are good but also because they provide opportunities for staying in the Gulf for an extended period.²³.

22. Myron Weiner, "International Migration and Development: Indians in the Persian Gulf", Population and Development Review, March 1982.

23. Ibid

Indians are also employed by Gulf governments and government run institutions. Hospitals import doctors from India, Pakistan and Bangladesh. Nurses are recruited from among the Christians of Kerala and Sri Lanka. Civil engineers are imported from India to help design highways, communication facilities, and electric power plants. In Oman, the personal properties of the Sultan are managed by a staff of Indians. Some Indians employed by Gulf governments are on official deputation from the Government of India Public Works Department, though most of them go in their personal capacity.²⁴

Fragmentary data suggests that emigration to West Asia mainly originated in Kerala, Andhra Pradesh, Punjab, Gujarat, Goa, Maharashtra and Tamil Nadu, to Nepal from Bihar, Assam and Uttar Pradesh and to the United Kingdom from Punjab and Gujarat. All these states have contributed to emigration to the United States, Canada, Australia and West European countries excluding United Kingdom.²⁵ Large number of Punjabis emigrated, majority of them being Sikhs, to countries such as United Kingdom, United States of America, Australia and Canada. Lately a number of Punjabis have also emigrated to the oil rich Gulf countries, Africa and South East Asian countries.²⁶

24. Ibid

25. M.C. Madhavan, "Dimensions of Indian Emigration"; The Hindu, February 17, 1985

26. Gopal Singh, "Socio-Economic Basis of the Punjab Crisis", Economic and Political Weekly, January 7, 1984.

Prakash C. Jain estimated that there were 121 lakh Indian abroad. His estimate is presented in table 2.1. The table divides Indians abroad into two - large overseas Indian communities and small overseas Indian communities. While the large overseas Indian communities account for 117,39,000, the small overseas Indian communities come to 3,61,000. It is evident from the table that the largest number of emigrants went to Nepal followed by Sri Lanka and Malaysia respectively. Emigration to West European countries including U.K. accounts for 8,30,000, whereas United States and Canada account for 6,15,000. Emigration to West Asia which happened to swell after the first oil price hike and consequent emigration boom accounts for 10,00,000 Indian population.

Emigration from Kerala

Even though there is no reliable data about the number of emigrants from Kerala during the British rule, large numbers of Cherumas, Tiyyas and Muslims (and small number of Nairs) from Malabar are known to have emigrated to Ceylon, Singapore, Malaya, Mauritius and South Africa during this period. The emigrants from the erstwhile Travancore and Cochin areas were recruited through the various centres located in the then Madras Presidency. In these areas also Tiyyas (or Ezhavas as they are called in Travancore region), Muslims, as well as some Latin Catholic Christians (most of them residing in the coastal belt of

the state), formed the major communities of emigration.²⁷ Before the 1970's many Keralites especially the more educated and affluent went to U.S.A. and Canada.²⁸ While the U.S.A. and Canada attracted the more educated and affluent, the relatively less educated and poor moved to Gulf countries. Though many had gone out to these places long before the 1970s, the recent emigration may be considered an aftermath of the oil boom. The rich bonanza of the oil price hike initiated a process of unprecedented construction and developmental activities in the entire Arab World, resulting in demand for skilled and unskilled labour.²⁹

Number Of Keralites Employed Abroad: An Estimate

Different agencies have estimated differently the number of emigrants from Kerala working abroad. The Directorate of Economics and Statistics have conducted two surveys in the State - one at the end of 1977 and other in the beginning of 1980. These surveys indicate that at the end of 1977 there were 1.35 lakhs Keralites working abroad. By the beginning of 1980 there were 2.08 lakhs Keralites employed in foreign countries of which

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27. E.T. Mathew and P.R. Gopinathan Nair, "Socio-Economic Characteristics of Emigrants and Emigrants' Household - A Case Study of two villages in Kerala", Economic and Political Weekly, July 15, 1978.
 28. J. Jyot, "Impact of Remittances on Kerala's Economy", The Economic Times, October 1, 1985.
 29. C.V. Gopalakrishnan, "Oil Boom and Expatriate Labour", The Hindu, February 27, 1978.

1.86 lakhs were in Gulf Countries.³⁰ Table 2.2 shows that 7 districts out of 11 districts sent about 90 percent or more of its emigrant workers to Gulf countries. If we district-wise distribution of Gulf workers from Kerala, Trichur ranks first with more than one fifty of the total followed by Malapuram (18.68%), Cannanore (13.17%) Trivandrum (11.32%), Quilon (10.06%), Kozhikode (9.17%) and Alleppey (9.13%).

Kerala Industrial and Technical Consultancy Organization (KITCO) in 1981 based on the information collected from Indian Embassies and various non-resident agencies put the figure of Keralites living in Gulf Countries as 3,50,500. KITCO has also observed that 55 percent of the Indian expatriates in Gulf Countries were Keralites.³¹ According to the statement made in the Parliament by the minister for External Affairs, Government of India on 26 March 1981, there were about 559,500 Indian workers in West Asia.³²

The Central Government in 1983 put the figure of Indian workers in the Gulf States at one million and it also observed that more than 50 percent of Indian migrants were from Kerala.³³ According to an article appeared in a Malayalam

30. Directorate of Economics and Statistics, Government of Kerala, Survey of Housing and Employment 1980, p.44.

31. Kerala Industrial and Technical Consultancy Organisation (KITCO), Report on a Survey in the Gulf Countries for Selected Products and Entrepreneurs, (unpublished), 1981, p.15.

32. Indian Express, March 27, 1981.

33. Venu Menon, "Exodus ?" The Illustrated Weekly of India, May 4, 1986.

periodical 'Gulf Voice' in 1984, an exclusive publication for the Gulf Countries, out of the one million Indians employed in West Asia 75 per cent viz. 7.5 lakhs are Malayalees. This report is based on the information collected by Middle East Digest weekly.³⁴ In 1985 J. Jyot observed that some four lakhs Keralites were employed in Gulf Countries.³⁵

According to the Protector General of Emigrants, the total number of emigration clearances³⁶ granted in 1981 was 276.0 thousand; the numbers were 239.5 thousand in 1982, 225.0 thousand in 1983 and 205.9 thousand in 1984. During the first nine months of 1985 only 134 thousand emigration clearances have been issued. These steadily decreasing numbers may be taken to be an indication of the onward flow of new migrants getting smaller in recent years. During this period when onward net migration has thus been steadily declining return of the earlier emigrants has been reportedly increasing, though the magnitude of such return is not available.³⁷.

34. Attakoya Pallikandy, "West Asia: How Seven and Half Lakh Malayalees Live", Gulf Voice (Malayalam) September 1984.

35. J. Jyot, "Impact of Remittance on Kerala's Economy", The Economic Times, October 1, 1985.

36. The emigration clearance by the Protector of Emigrants are granted only to persons who have not resident earlier, or have resided only for less than three years, in foreign countries. Persons who have been already residents in foreign countries for three years or more do not have to obtain emigration clearance.

37. P.R. Gopinathan Nair, Asian Migration To The Arab World: Migration From Kerala (India), A study sponsored by United Nations University, Tokyo, Japan, Centre for Development Studies, Trivandrum, Kerala (1986), pp 5-6.

Taking into account all these factors it is safe to conclude that there are at present 4 lakhs Keralites working in foreign countries of which at least 3.7 lakhs are in the countries of Gulf region. This estimate does not include the non working dependents residing with the emigrant workers. The number of dependents staying along with the employed may be higher³⁸ in the case of emigrants to countries other than the Gulf region.

38. The ILO study as a part of World Employment Program (WEP) on International Migration and development in the Arab Region showed the work participation rates of Indian Migrants as 57.6, see Birks and Sinclair, International Migration and Development in the Arab Region, ILO, Geneva (1980) pp.131, 137 and 139.

Table 2.1 - Indians Abroad

<u>A. Large Overseas Indian Communities</u>		<u>B. Small Overseas Indian Communities</u>		
Nepal	3,200,000	<u>AFRICA</u>	Ethiopia	5000
Srilanka	1,400,000		Ghana	2000
Malaysia	1,200,000		Madagascar	15000
South Africa	800,000		Malawi	15000
Great Britain	750,000		Nigeria	40000
Mauritius	650,000		Sudan	5000
Trinidad	504,000		Somalia	2500
Guayana	450,000		Zaire	5000
USA	365,000		Zimbabwe	15000
Burma	350,000			
Fiji	320,000	<u>ASIA</u>	Hong Kong	15000
Canada	250,000		Indonesia	40000
Surinam	180,000		Japan	2000
Singapore	170,000		Laos	2500
Kenya	100,000		Phillippines	4000
Tanzania	50,000		Thailand	25000
West Asia	1,000,000		Vietnam	3000
	<hr/> 11,739,000 <hr/>		<u>The Carribean Area</u>	
			Grenada	15000
			Jamaica	40000
			St.Vincent	5000
			<u>Europe Excluding U.K.</u>	80000
			Australia	5000
			New Zealand	10000
		<u>B. Total</u>		<hr/> 3,61000 <hr/>

Grand Total 12,1000,000

Source: Prakash C. Jain, "Indians Abroad - a Current Population Estimate", Economic & Political Weekly, February 20, 1982.

TABLE 2.2

NUMBER OF KERALITES EMPLOYED ABROAD

DISTRICT	NUMBER OF PERSONS EMPLOYED ABROAD		RATE OF INCREASE	EMPLOYED IN THE GULF (1980)	GULF WORKERS AS A % OF TOTAL EMPLOYED ABROAD	% OF WORKERS IN THE GULF COUNTRIES (1980)
	1977	1980				
1	2	3	4	5	6	7
TRIVANDRUM	20530	33769	64%	21125	62.6%	11.32%
QUILON	13735	21639	58%	18758	86.7%	10.05%
ALLEPPEY	14777	21363	46%	17029	79.7%	9.13%
KOTTAYAM	4987	7094	42%	4160	58.6%	2.23%
IDUKKI	467	577	23%	287	49.7%	0.15%
ERNAKULAM	4543	5128	13%	3822	74.5%	2.05%
TRICHUR	26367	40224	53%	37878	94.2%	20.30%
MALAPPURAM	19762	36175	83%	34845	96.3%	18.67%
PALGHAT	3171	7735	144%	7034	90.9%	3.77%
KOZHIKODE	9056	17731	96%	17099	96.4%	9.16%
CANNANORE	17792	27369	54%	24568	89.8%	13.17%
KERALA	135187	218804		186605	85.3%	100.00%

SOURCE: 1. Government of Kerala, Bureau of Economics and Statistics, Census of Employment Migration Nov-Dec 1977 (unpublished).

2. Government of Kerala, Directorate of Economics & Statistics, Survey of Housing and Employment (1980), Table 5.

CHAPTER - III
THE PROCESS OF EMIGRATION

The movement of persons across frontiers represent an area of particular problems for International Law. Both emigration and immigration touch the self-interest of States; and it is common to express the view that these are matters pre-eminently within the reserved domain of domestic jurisdiction. By this characterisation it is understood that the state enjoys an absolute and uncontrolled discretion or sovereign power to determine whether it will permit its subjects to travel abroad and on what conditions it will permit the entry and establishment of aliens.¹

Passport Laws in India

The first World War witnessed the introduction of passport system in its modern form.² In India, before 1967, there was no statute governing the issue of passport. The Indian Passport Act (Act 34 of 1920) and the rules framed thereunder in 1950 were limited to the requirement of passport only in the case of a person desiring to enter India from abroad. Section 3 of the Passport Act, 1967 states that "no person shall depart from India unless he holds in this behalf a valid passport or travel document".³

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1. Guy S. Goodwin-Gill, International Law and the Movement of Persons Between States, Oxford, U.K. (1978) p.3
 2. Ibid., p.25
 3. Section 3 of the Indian Passport Act 1967.

A passport is a political document for the benefit of its holder. It recognizes him as a citizen of the country granting it and is in the nature of a request to the other country for his passage there. There can, therefore, be no doubt that a passport is a document of importance for travel abroad and is of considerable value to its holder.⁴

Emigration Laws in India

The Government of India has passed Emigration Acts which lay down the procedure to be followed for allowing persons to emigrate abroad. According to the Emigration Act of 1952, emigration of unskilled workers was prohibited. Skilled workers were permitted to emigrate after clearance by the Protectors of Emigrants at the ports of embarkation in compliance with the formalities prescribed in the Act, including signing of employment agreements in standard forms prescribed by the Government which stipulated the terms and conditions of employment of the emigrant and the employer in each case. These standard forms used to be revised from time to time in the light of the experience gained in the disposal of complaints dealt with emigration.⁵ Till 1964 all emigrants who were skilled workers had to travel abroad by sea. It was in February 1964 that the airports of Bombay, Calcutta, Delhi and Madras were declared air

4. Nirsingha Murai Chakraborty V. State of West Bengal, The All India Reporter 1977, S.C 1174, pp. 1175-76.
5. Government of India, Report of the Ministry of External Affairs 1955-56, pp.35-36.

ports from which emigration for the purpose of skilled workers was lawful.⁶

According to the Emigration Act of 1983 emigration means the departure out of India of any person with a view to taking up any employment (whether or not under an agreement or other arrangements to take up such employment and whether with or without the assistance of a recruiting agent or employer) in any country or place outside India.⁷

It defines work as:

- i) any unskilled work including any form of industrial or agricultural labour;
- ii) any domestic service;
- iii) any service, not being a service in a managerial capacity, in any hotel, restaurant, tea house, or other place of public resort;
- iv) work as a driver of a truck or other vehicle, mechanic, technician or skilled labourer or artisan;
- v) work as an office assistant or accountant or typist or stenographer or salesman, or nurse or operator of any machine;

6. Government of India, Reprot of the Ministry of External Affairs 1964-65, p.65.

7. The Emigration Act 1983, Section 2(f).

- vi) work in connection with or for the purpose of, any cinema exhibition or entertainment;
- vii) any such work of a professional or of any other nature as the Central Government may, having regard to the need for the protection of citizens of India who may be employed in such work outside India and other relevant circumstances specified by notification.

Provided that the Central Government may, if satisfied that it is necessary so to do having regard to the conditions of service applicable with respect to employment in any of the afore-mentioned categories of work or any such category thereof, whether generally or in relation to any particular country or place and other relevant circumstances, declare by notification that such category of work or sub-category of work shall not be deemed to be work within the meaning of this definition.⁸

Chapter III of the Emigration Act 1983 prescribes the requirements of registration of recruiting agents and terms and conditions of registration. Chapter IV deals with permits for recruitment by employers. Section 16 of the Act states: "save as otherwise provided under this Act, no employer shall recruit any citizen of India for employment in any country or place outside India except -

8. Ibid., Section 2 (o)

- a) through a recruiting agent competent under this Act to make such recruitment or
- b) in accordance with a valid permit issued in this behalf of this chapter".⁹

Chapter V of the Act deals with emigration clearance. Section 22 of the Act states that no citizen of India shall emigrate unless he obtains under this chapter from the Protector of Emigrants authorisation in the prescribed manner and form (emigration clearance for emigration).¹⁰

It is to be noted here that diplomats enjoy certain kind of privileges. The rules of International Law governing diplomatic relations were the product of long established state practice evidenced not only by judicial practise but also by the legislative provisions of national law. The law has now been codified to a considerable extent in the Vienna Convention on diplomatic relations in April 1964.¹¹ The theoretical explanations for diplomatic priviliges and immunities are discussed by Clifton E. Wilson.¹²

9. See ibid Chapters III and IV.

10. ibid., Chapter V

11. Ian Brownlie, Principles of Public International Law, Oxford (1973), p.333.

12. See Clifton E. Wilson, Diplomatic Privileges and Immunities, University of Arizona (USA) (1967).

Till the year 1974-75, there existed only 5 regional passport offices in India located in the cities of Bombay, Madras, Delhi, Calcutta and Lucknow. For the thousands of intending emigrants the majority of whom lived in remote rural areas in the different states of India, it was next to impossible to obtain passports from the passport offices and clearance from protectorates of emigrants situated in the few urban-centers in the country.¹³

As a result of the rising number of applications for passports from the Kerala State consequent on the opening up of Gulf countries for massive emigration, a new Passport Office exclusively to handle the application for passports from Kerala was opened in April 1974. However, this step was not of much help to the Keralites since the new Passport Office functioned not in Kerala but in Madras.¹⁴

It was only in 1978-79, that the new office meant for Kerala was shifted to Cochin (within Kerala itself). In that year a second Passport Office was opened for Kerala in the city of Kozhikode.¹⁵

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13. P.R. Gopinathan Nair, Asian Emigration to the Middle East Emigration from India working paper 180, Centre For Departmental Studies, Trivandrum (1983), p.30
 14. Government of India, Report of the Ministry of External Affairs 1974-75, p.115.
 15. Government of India, Report of the Ministry of External Affairs 1979-80, p.99.

Government has been adopting measures to ensure fair terms and conditions of employment for Indian workers abroad and to protect workers from exploitation both in India and abroad. Two more embarkation points with air ports at Trivandrum (Kerala) and Amritsar (Punjab) were declared lawful for emigration in order to help emigrants from the States of Kerala and Punjab. Besides the emigrants were allowed to secure emigration clearance from any of the notified embarkation points declared lawful by the Government.¹⁶ Moreover, steps are being taken to bring about amendments to the Emigration Act 1983. Further attempts are being made to frame rules to provide greater protection to the workers and to introduce more stringent measures against corrupt, unscrupulous and bogus recruiting agents.¹⁷

The central Government has recently simplified the emigration rules with a view to provide greater protection to workers seeking jobs abroad. As per new rules the permit for recruitment by the Indian construction companies executing projects abroad would be extended to one year from the existing six months. Changes are also being brought in the procedures for renewal of registration for recruiting agencies. The certificate will contain the photograph of Proprietor or Director or Partner

16. P.R. Gopinathan Nair, Asian Emigration to the Middle East: Emigration from India (A Report on the State of the Art) working Paper No. 180, Center for Development Studies, Trivandrum, p.31.

17. "Compulsory Insurance to Emigrants" Indian Express, April 27, 1986.

of the recruiting agency and such a certificate will be prominently displayed in the premises of a business even at branch offices. The photographs would be attested by the Protectorate of Emigrants.¹⁸

Despite these measures there have been reports of illegal emigrants from India in most countries in the Gulf region. Reports of clandestine agencies recruiting workers which used fake passports and visa seals of foreign governments are common in the press.¹⁹

Recruiting Agencies

To emigrate to countries abroad a No Objection Certificate (NOC) from the host country which can be either for employment or for visit is necessary. The ramifications of the process of securing NOC's are many and varied, in which many unauthorised agents operate. Emigration boom that followed the first oil price hike have, infact, witnessed the emergence of a market for NOC. The market value of the NOC varies with the agency through which it is secured. Therefore, it is imperative to examine the type of sources through which they were obtained.

18 "Emigration Rules Simplified" Indian Express, March 8, 1987.

19. For instance see, Nitish Chakravarty, "West Asia Lure: Protecti the Migrant Labour", The Hindu, November 13, 1978 and "Passpo Racket : "Crores Got in Foreign Exchange", Indian Express, Apr 27, 1986.

According to the study conducted by Commerce Research Bureau in the State of Kerala, out of 514 emigrants 467 emigrated through the help of friends and relatives, whereas only 7 were able to emigrate through advertisement (direct recruitment).²⁰ The results of our sample survey conducted in Chowghat Taluk is presented in Table 3.1. The table is divided into two parts - one 3.1a deals with emigration before 1974 and two table 3.1b deals with emigration since 1974. In the sample as a whole more than one fourth managed to go abroad before 1974 of which 67 per cent were illegal emigrants. Before 1974 private agents supplied only 5.32 per cent NOCs whereas the contribution by the prospective employers were about 2 per cent.

Since 1974 about 30 per cent of NOCs were procured by relatives of emigrants whereas it was only about 18 per cent before 1974. In Orumanayur Panchayat 42 per cent of the NOCs since 1974 were secured by relatives, whereas in Talikulam it was 22 per cent. Before 1974 only 7 per cent of the NOCs were secured by friends. But since 1974 more than 24 per cent of the NOCs were obtained from friends. In Talikulam about 34 per cent of the emigrants since 1974 got NOCs from friends whereas Orumanayur accounted for only 7 per cent. Private agents were the largest suppliers of NOCs since 1974 accounting for more than 41 per cent. Orumanayur with 45 per cent followed by Talikulam with 39 per cent together constitutes more than 41 per cent.

20. Commerce Research Bureau, Emigration, Inward Remittances And Economic Growth of Kerala, Report of a Survey, Bombay (1978), p.18.

Before 1974 only less than 6 per cent NOCs were supplied by private agents. The fifth agency that is host government, prospective employers, etc., supplied NOCs to the extent of more than 2 per cent since 1974. Surprisingly, Orumanayur was not having its share to this agency before 1974. About three fourth of the emigrants migrated after 1973. It is obvious that 78 per cent of emigration from Talikulam and 70 per cent from Orumanayur to Gulf countries is the aftermath of oil bonanza.

Cost of Emigration

As mentioned earlier there existed a market for NOCs. Besides that, travelling involves expenditure. Commerce Research Bureau's study mentioned that about 157 person out of 514 spent Rs.10,000 - 14,999 for emigration whereas 207 persons had to involve an expenditure ranging from Rs.5000 to Rs.9,999. Only 23 reported an expenditure below Rs.2000.²¹

The results of our sample survey is depicted in Table 3.2. Twenty four per cent of the emigrants were able to go abroad incurring expenses less than Rs.2,500/-. While more than 32 per cent of the emigrants from Orumanayur were able to go abroad with less than Rs.2,500, for Talikulam the percentage was 18.22. It may be recalled here that 30 per cent of the emigrants from Orumanayur emigrated before 1974 of which 80 per cent were illegal emigrants.²² Sixteen per cent of the emigrants had to

21. Ibid, p.29

22. See table 3.1

incur expenses between Rs.5,000 and Rs.7,000 of which emigrants from Talikulam accounted for 19.11 per cent whereas from Orumanayur it was only 12 per cent. More than 17 per cent of the emigrants had to spend an amount ranging between Rs.10,000 and Rs.12,500 of which Orumanayur emigrants account for 20 per cent and Talikulam emigrants 15.11 per cent. After the first group the next that accounted for the largest number of emigrants was the 7th group involving an expenditure between Rs.15,000 and Rs.17,500. While more than 21 per cent of Talikulam emigrants belongs to this group from Orumanayur the percentage is 15. Only 2 per cent of the emigrants had to pay Rs.20,000 or more for their emigration. On the whole it is reported in the sample survey that the initial cost of emigration varied from Rs.25 in 1944 to Rs.25,000 in 1984. The average cost of emigration is Rs.8,318.30. In Orumanayur the average cost is lower, that is Rs.7,587.12 whereas in Talikulam it is Rs.8,803.49. The average increased to Rs.10,697.40 since 1974.

Sources of Financing Emigration

The major sources of financing emigration comprises of (1) savings of emigrants households including the savings of emigrant himself. (2) Borrowed funds: It may be either interest free loans from friends or relatives or loans bearing interest from money lenders, commercial banks and co-operative banks, etc. (3) Mortgaging land or jewellery and (4) sale of property including land and other immovable or movable assets. In the case of money lenders and private financial institutions the annual rate of

interest varies from 36 per cent to 120 per cent.²³ Whereas from commercial banks and co-operative banks it is upto 24 per cent.

Table 3.3 presents the major sources of financing emigration. It may be noted that about 40 per cent of the emigrants in our sample survey utilised more than one source mentioned above. But for convenience we grouped each into only one major source according to the degree of importance. More than 38 per cent of the emigrants used their own savings to finance emigration. While 45 per cent of the emigrants from Orumanayur depended on their own source the corresponding percentage of Talikulam was little more than 34. The major source of finance is borrowed funds which accounted more than half, that is 52 per cent. While more than 57 per cent of Talikulam emigrants depended on borrowed funds, for Orumanayur it was 44 per cent. Mortgage, as per sample survey results was mainly confined to Orumanayur which is only 1.33 per cent of the combined sample. On the other hand sale of property as major source of financing constituted 2.93 per cent for the combined sample.

23. In the light of information gathered during the sample survey.

TABLE 3.1

PERCENTAGE DISTRIBUTION OF EMIGRANTS ACCORDING TO AGENCY THROUGH WHICH NOC SECURED BEFORE 1974 AND SINCE 1974

3.1A BEFORE 1974

AGENCY	ORUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. Illegal Emigration (without NOC)	36	80.00%	27	55.10%	63	67.02%
2. Relatives	6	13.33%	11	22.45%	17	18.09%
3. Friends	2	4.44%	5	10.20%	7	7.45%
4. Private Agents	1	2.22%	4	8.16%	5	5.32%
5. Host Government Prospective Employer, etc.	0	0.00%	2	4.08%	2	2.13%
TOTAL	45	100%	49	100%	94	100%
Emigrants percentage to total number of Emigrants		30		21.78		25.07

3.1B SINCE 1974

AGENCY	ORUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. Illegal Emigration (without NOC)	2	1.90%	2	1.14%	4	1.42%
2. Relatives	45	42.86%	39	22.16%	84	29.89%
3. Friends	8	7.62%	60	34.09%	68	24.20%
4. Private Agents	48	45.71%	69	39.20%	117	41.64%
5. Host Government Prospective Employer, etc.	2	1.90%	6	3.41%	8	2.85%
TOTAL	105	100%	176	100%	281	100%
Emigrants percentage to total number of Emigrants		70		78.22		74.93

TABLE 3.2

PERCENTAGE DISTRIBUTION OF EMIGRANTS ACCORDING TO INITIAL COST OF EMIGRATION

COST IN RUPEES	DRUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. Less than 2500	49	32.67%	41	18.22%	90	24.00%
2. 2500 - 5000	4	2.67%	25	11.11%	29	7.73%
3. 5000 - 7500	18	12.00%	43	19.11%	61	16.27%
4. 7500 - 10000	8	5.33%	11	4.89%	19	5.07%
5. 10000 - 12500	30	20.00%	34	15.11%	64	17.07%
6. 12500 - 15000	2	1.33%	1	0.44%	3	0.80%
7. 15000 - 17500	23	15.33%	49	21.78%	72	19.20%
8. 17500 - 20000	4	2.67%	6	2.67%	10	2.67%
9. 20000 and above	4	2.67%	4	1.78%	8	2.13%
10. Not reported	8	5.33%	11	4.89%	19	5.07%
TOTAL	150	100%	225	100%	375	100%

TABLE 3.3

DISTRIBUTION OF EMIGRANTS BY SOURCE OF FINANCING INITIAL COSTS OF EMIGRATION

SOURCE	DRUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. Own Savings	68	45.33%	77	34.22%	145	38.67%
2. Borrowed Funds	66	44.00%	129	57.33%	195	52.00%
3. Mortgage	4	2.67%	1	0.44%	5	1.33%
4. Sale of Property	4	2.67%	7	3.11%	11	2.93%
5. Not Reported	8	5.33%	11	4.89%	19	5.07%
TOTAL	150	100%	225	100%	375	100%

SOURCE: Sample Survey

CHAPTER - IV

CHARACTERISTICS OF EMIGRANTS

Any examination of the characteristics of emigrants encounters the primary obstacle of the shortage of reliable statistical data for an investigation be it in the countries of origin or destination.

Profile of the Kerala Migrants

The Housing and Employment survey conducted in 1980 brings out the characteristics of Kerala migrants. Table 4.1 shows that of the 510 thousand migrants over one third is in the Middle East countries. Other foreign countries account for only 4.2 per cent whereas other states within India account for more than 59 per cent. The educational attainments skill composition and nature of jobs were strangely different according to destination. One of four migrants to non Middle East foreign countries had a professional degree and about one third had less than secondary school education. At the other extreme 70 per cent emigrants to Middle East had less than secondary school education. Obviously majority of them had no skills. As far as the migrants to other states within India is concerned their skill, education, etc., lies between these extremes as evident from the table.

Countries of Emigration

We can now analyse the results of our sample survey. Table 4.2 depicts the countrywise distribution of emigrants in our study area. United Arab Emirates (besides Dubai, Abu Dhabi,

Sharjah, Ajman, Umal Qaiwan, Rasal Khaimah and Fujairah are the constituent emirates of UAE¹⁾ leads by absorbing 58 per cent of the total emigrants from the area. More than 61 per cent of the emigrants from Talikulam emigrated to UAE while from Drumanayur it is above 53 per cent. Qatar came second with 18 per cent of the total emigrants. Twenty six per cent of the emigrants from Drumanayur reside in Qatar whereas the corresponding percentage from Talikulam was 12.89. Sultanate of Oman ranks third in the number of emigrants from our sample with 12 per cent. Saudi Arabia ranks four with little more than 5 per cent followed by Bahrain (3.20 per cent). The study conducted by Agricultural Economics Research Centre in 1981 in Chowghat block brings out clearly more or less the same Pattern of destination of emigrants.² Another survey conducted by Commerce Research Bureau, Bombay in 1978 identified United Arab Emirates, Sultanate of Oman, Kuwait and Saudi Arabia respectively as major centres of emigration to Gulf countries from Kerala.³

Employment Status of the Emigrants

An enquiry into the employment status of Indian emigrants shows that the percentages of professionals, technicians and the like is much higher in the case of United States, Canada, United Kingdom and other European countries in sharp contrast to the

1. See P. Sudha, Persian Gulf (Malayalam) National Book Stall, Kottayam (1983), pp.139-217.
2. Agricultural Economics Research Centre, The Impact of Foreign Remittances on the Economy of a Rural Area in Kerala, Madras (1981) unpublished p.91.
3. Commerce Research Bureau, Emigration, Inward Remittances and Economic Growth of Kerala Report of a Survey, Bombay (1978) p.21.

concentration of unskilled and semi skilled Indian emigrants in West Asia.⁴ Table 4.3 shows the employment status of emigrants from our study area. More than 37 per cent of the emigrants were unskilled workers. From Orumanayur the percentage was forty four whereas from Talikulam it was about one third of the total emigrants. One fifth of the total emigrants were skilled labourers. The percentage of skilled labourers from Talikulam was higher (24.44) compared to little more than 13 per cent from Orumanayur. Businessmen accounted for more than one tenth of the total emigrants. The percentage of businessmen from Orumanayur (13.33) was higher than from Talikulam (8.44). Surprisingly, all the emigrants doing business in the samples surveyed were Muslims. Technicians accounted for only 4 per cent. Professionals constitute only 2.13 per cent. What follows is that professionals and technicians migrating to Gulf countries were a rare phenomenon.⁵

Employment Status Before Emigration

Table 4.4 reveals the employment status of emigrants before departure from our study area. More than 43 per cent of emigrants were unemployed before departure. Students constituted more than 14 per cent. If we add percentage of students and unemployed together we get 58 per cent. According to the survey

4. See M.C. Madhavan, "Dimensions of Indian Emigration", The Hindu, February 17, 1985.
5. See also P.R. Gopinathan Nair, Asian Emigration to the Middle East: Emigration from India (A Report of the State of the Art), Working Paper No.180, Centre for Development Studies, Trivandrum, p.18.

conducted by Commerce Research Bureau, Bombay, more than 62 per cent of the Kerala emigrants were unemployed before emigration.⁶ It is obvious that to a great extent emigration acted as a safety valve to the burning problem of unemployment in the state that experience the highest rate of growth of unemployment.⁷ More than 13 per cent of the emigrants from the study area were unskilled labourers. More than 16 per cent from Drumanayur and 11 per cent from Talikulam were unskilled labourers before emigration. Skilled labourers constituted only about 8 per cent. Clerks, typists etc., constituted more than 6 per cent to which Talikulam itself contributed 8.89 percent. Technicians and professionals together accounted for only 4.53 per cent of the combined sample.

Age Composition of Emigrants

It is interesting to analyse the age composition of emigrants from the study area. Table 4.5 brings out the age structure of emigrants. More than 31 per cent of the emigrants belonged to the age group 30-35 years. Twenty four per cent of the emigrants belonged to the age group 25-30 years. One fifth of the emigrants belonged to the age group 35-40 years. Obviously, more than 91 per cent of the emigrants are below 45

6. Commerce Research Bureau, Emigration Inward Remittances and Economic Growth of Kerala - Report of a Survey, Bombay, (1978) p.22.

7. According to the State's Industry Minister, there were 25 lakhs educated unemployed registered in Employment Exchange - see E. Ahmed, "Industrial Development in Kerala" Vyavasaya Keralam, February 1986.

years of age. Generally, studies on 'International Migration' point out the basic characteristics of emigrants belonging to the most productive age and obviously the healthy. Emigrants belonging to ages 50 years and above were only 3.47 per cent of which emigrants from Drumanayur constituted less than 5 per cent whereas from Talikulam it was only 2.67 per cent.

Educational Qualification of Emigrants

It is important to note here that emigrants to Gulf countries possessed on the average much less educational qualifications than their counterparts Western countries and Africa.⁸ More than 6 per cent emigrants from our study area are illiterate (see table 4.6). The number of illiterates was much higher in the case of emigrants from Drumanayur (14.00 per cent) compared to only 2.22 per cent from Talikulam. The largest group (more than 28 per cent) has only primary education. Here the number of emigrants from Talikulam (one third of the sample) was higher compared to about one fifth in Drumanayur. About 18 per cent of the emigrants had high school education, but have not passed matriculation (S.S.L.C). Altogether persons possessing S.S.L.C qualification and below were more than 84 per cent. Graduates accounted for only 3.20 per cent whereas post graduate degree holders were only 0.80 per cent, who were conspicuous by their absence in Drumanayur. Therefore, the pattern of educational

8. P.R. Gopinathan Nair, Asian Emigration to the Middle East: Emigration from India (A Report on the State of the Art), Working Paper No.180, (Centre for Development Studies, Trivandrum, p.17.

qualifications of the sample of emigrants confirms P.R. Gopinathan Nair's view that "The Gulf migration did not constitute a serious problem of brain flow; rather it was predominantly a flow of brawn which has been excess supply in Kerala for the past several years".⁹

Community-wise Break Up Of Emigrants

A community-wise break up of emigrant's brings to light the Muslim predmominance in the number of emigrants from the study area. Table 4.7 shows that more than 62 per cent of the emigrants in the combined sample belongs to the Muslim Community. In Orumanayur it is more than 82 per cent whereas in Talikulam it is more than 49 percent. Ezhavas ranked second with more than 21 per cent of the total migrants of which the per centage from Talikulam was 32 and from Orumanayur 6. Dheevara Community accounted for more than 6 per cent of the Talikulam Panchayat and they were absent in the Orumanayur sample. Scheduled Caste accounted for 2.4 per cent of the combined sample. High Caste Hindus like Nairs, Brahmins, etc. accounted for 3.2 per cent. Christians accounted for 4.27 per cent of the total sample. All backward Hindu Communities inlcuding Scheduled Caste accounted for about 30 percent of the total emigrants.

But this may not represent the pattern of Gulf emigrants from the state as a whole. In Commerce Research Bureau's Survey,

9. Ibid.

Christians ranked third next to Muslim and Ezhavas,¹⁰ whereas in Mathew and Nairs study of two villages in Kerala, Christians ranked second to Muslim Community in emigration.¹¹ Agricultural Economics Research Centre, Madras study on Chowghat Block brings out that more than 73 per cent of the emigrant households belonged to Muslim Community followed by Ezhavas, Nairs and Christians respectively.¹²

It can safely be inferred that the opening up of Gulf Countries for emigration has greatly helped the minority communities like Muslims and Christians and backward Communities like Ezhavas in their aspirations to emigrate and thereby to improve their economic conditions. It is a well known fact that the emigrants to Western Countries from Kerala are dominated by the Christians. Their dominance in education, enterprising nature and historical links with the missionary activities have provided better access to them in Western emigration. In the case of Gulf emigration, Muslims have an edge over the rest of the Communities for a variety of reasons. Ever since the Arab merchants established trade links with erstwhile Malabar during the centuries

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10. Commerce Research Bureau, Emigration Inward Remittances and Economic Growth of Kerala Report of a Survey, Bombay (1978) p.18.
 11. E.T. Mathew and P.R. Gopinathan Nair, "Socio Economic Characteristics of Emigrants and Emigrants' Household, A Case Study of Two Villages in Kerala", Economic and Political Weekly, July 15, 1978.
 12. Agricultural Economics Research Centre, The Impact of Foreign Remittances on the Economy of a rural Area in Kerala, Madras (1981), unpublished p.50

immediately preceding the advent of European trading companies in the sixteenth century, Kerala has maintained them despite the political vicissitudes of succeeding centuries. There existed colonies of Arab traders in Calicut and nearby areas. There used to be marital relations between Arabs and native Muslims on a limited scale.¹³

TABLE 4.1
 PERCENTAGE DISTRIBUTION OF MIGRANT WORKERS FROM KERALA ACCORDING TO EDUCATIONAL STATUS AND
 DESTINATION - 1980

	NO. OF MIGRANTS (000)	BELOW SECONDARY		SECONDARY			POSSESS- ING DEGREE IN GENERAL	POSSESS- ING DEGREE IN TECHNICAL SUBJECTS	TOTAL
		SKILLED	UNSKILLED	POSSESSING CERTIFICATE/ DIPLOMA IN TECHNICAL SUBJECTS	NOT POSSESSING CERTIFICATE/ DIPLOMA IN TECHNICAL SUBJECTS	POSSESSING DEGREE IN TECHNICAL SUBJECTS			
1	2	3	4	5	6	7	8	9	
1. Middle East Countries	186.5 (36.6)	20.3	48.9	11.5	13.2	4.6	1.5	100.0	
2. Non-Middle East Foreign Countries	21.2 (4.2)	11.7	24.0	19.3	18.5	18.6	7.8	100.0	
3. Other States within India	301.8 (59.2)	16.4	32.8	16.6	25.6	6.5	2.0	100.0	
4. Total	509.5 (100.0)	17.7	38.3	14.8	20.8	6.3	2.1	100.0	

NOTE: Figures in brackets in column (2) give percentage distribution of total migrant workers from Kerala according to their present location.

SOURCE: "Survey on Housing and Employment 1980", Directorate of Economics and Statistics (1982), p.47

TABLE 4.2

COUNTRY-WISE DISTRIBUTION OF EMIGRANTS

COUNTRY	ORUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. United Arab Emirates	80	53.33%	138	61.33%	218	58.13%
2. Qatar	39	26.00%	29	12.89%	68	18.13%
3. Sultanate Of Oman	13	8.67%	32	14.22%	45	12.00%
4. Saudi Arabia	7	4.67%	13	5.78%	20	5.33%
5. Bahrain	4	2.67%	8	3.56%	12	3.20%
6. Kuwait	3	2.00%	4	1.78%	7	1.87%
7. Iraq	1	0.67%	1	0.44%	2	0.53%
8. Others	3	2.00%	0	0.00%	3	0.80%
TOTAL	150	100%	225	100%	375	100%

SOURCE: Sample Survey

TABLE 4.3

EMPLOYMENT STATUS OF THE EMIGRANTS ABROAD

EMPLOYMENT STATUS	DRUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. Business *	20	13.33%	19	8.44%	39	10.40%
2. Unskilled Labour	66	44.00%	74	32.89%	140	37.33%
3. Skilled Labour	20	13.33%	55	24.44%	75	20.00%
4. Clerks, Typists, Salesmen, etc.	29	19.33%	41	18.22%	70	18.67%
5. Managerial	3	2.00%	5	2.22%	8	2.13%
6. Professional	1	0.67%	7	3.11%	8	2.13%
7. Technician	7	4.67%	9	4.00%	16	4.27%
8. Not Reported	4	2.67%	15	6.67%	19	5.07%
TOTAL	150	100%	225	100%	375	100%

SOURCE: Sample Survey

* In order to abide by the laws of the emigrant country, business is run either under the ownership or partnership with the natives of the emigrant country, who are sleeping owners or partners. Generally emigrants themselves finance the share of the natives who have the privilege of getting profit without any investment.

TABLE 4.4

EMPLOYMENT STATUS OF THE EMIGRANTS BEFORE DEPARTURE

EMPLOYMENT BEFORE DEPARTURE	ORUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. Business	17	11.33%	6	2.67%	23	6.13%
2. Unemployed	62	41.33%	101	44.89%	163	43.47%
3. Student	20	13.33%	35	15.56%	55	14.67%
4. Unskilled Labourers	25	16.67%	25	11.11%	50	13.33%
5. Skilled Labourers	15	10.00%	14	6.22%	29	7.73%
6. Clerk, Typists, etc	5	3.33%	20	8.89%	25	6.67%
7. Managerial	1	0.67%	2	0.89%	3	0.80%
8. Professional	1	0.67%	5	2.22%	6	1.60%
9. Technician	2	1.33%	9	4.00%	11	2.93%
10. Not reported	2	1.33%	8	3.56%	10	2.67%
TOTAL	150	100%	225	100%	375	100%

TABLE 4.5

DISTRIBUTION OF EMIGRANTS BY AGE

AGE	ORUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. Less than 20	4	2.67%	6	2.67%	10	2.67%
2. 20 - 25	8	5.33%	10	4.44%	18	4.80%
3. 25 - 30	37	24.67%	53	23.56%	90	24.00%
4. 30 - 35	49	32.67%	68	30.22%	117	31.20%
5. 35 - 40	25	16.67%	50	22.22%	75	20.00%
6. 40 - 45	13	8.67%	20	8.89%	33	8.80%
7. 45 - 50	7	4.67%	12	5.33%	19	5.07%
8. 50 - 55	5	3.33%	6	2.67%	11	2.93%
9. 55 and above	2	1.33%	0	0.00%	2	0.53%
TOTAL	150	100%	225	100%	375	100%

SOURCE: Sample Survey

TABLE 4.6

DISTRIBUTION OF EMIGRANTS BY EDUCATIONAL QUALIFICATION

EDUCATIONAL QUALIFICATION	ORUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. Illiterate	21	14.00%	5	2.22%	26	6.93%
2. Primary	30	20.00%	78	34.67%	108	28.80%
3. Upper Primary	36	24.00%	39	17.33%	75	20.00%
4. High School	30	20.00%	39	17.33%	69	18.40%
5. SSLC	15	10.00%	25	11.11%	40	10.67%
6. Pre-Degree	7	4.67%	17	7.56%	24	6.40%
7. Graduation	4	2.67%	8	3.56%	12	3.20%
8. Post-Graduation	0	0.00%	3	1.33%	3	0.80%
9. Technically Trained	7	4.67%	11	4.89%	18	4.80%
TOTAL	150	100%	225	100%	375	100%

TABLE 4.7

COMMUNITY-WISE BREAK UP OF EMIGRANTS

COMMUNITY	ORUMANAYUR		TALIKULAM		COMBINED	
	NO.	%	NO.	%	NO.	%
1. Muslims	124	82.67%	112	49.78%	236	62.93%
2. Ezhava	9	6.00%	72	32.00%	81	21.60%
3. Vishwakarma	1	0.67%	6	2.67%	7	1.87%
4. Dheevara	0	0.00%	14	6.22%	14	3.73%
5. Scheduled Caste	3	2.00%	6	2.67%	9	2.40%
6. Nairs, Brahmins, etc	5	3.33%	7	3.11%	12	3.20%
7. Christians	8	5.33%	8	3.56%	16	4.27%
TOTAL	150	100%	225	100%	375	100%

SOURCE: Sample Survey

CHAPTER - V
INFLOW OF REMITTANCES

The subject of remittances or personal income transfers associated with migration constitutes one form of reciprocal relationship that has received extensive comment.¹ There is the fundamental difficulty of defining 'remittances' even at an abstract level, since the term could be regarded in its most narrow sense of monetary transfers or in a broader sense as encompassing monetary and non monetary transfers or in the broadest sense as also including the facility or potential for transfers should they be required.²

Origins of Remittances

From aggregate statistics for the whole world and major country groupings it can be seen that the structure of world remittance flows changed significantly during the 1970s (see table 5.1). Remittance outflows from oil exporting countries were 7.5 per cent in 1980.³ Over the same period the share of

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1. Richard E. Bilsborrow, A.S. Oberai and Guystanding, Migration Surveys in Low Income Countries: Guidelines For Survey and Questionnaire Design, ILO Kent (U.K.) (1984), p. 264.
 2. ibid., p. 265
 3. The proportion in 1980 was probably higher, since the data used do not include outflows from United Arab Emirates, Qatar, Iran and Iraq.

developed market economies in remittance outflows declined from four-fifths to two-thirds. At the receiving end while the share of non-oil developing countries in remittance inflows doubled from 18 to 36 per cent, the share of developed market economies in the inflow of remittances declined from 78 per cent to 62 per cent. It is important to note that developed market economies have continued to be principal recipients of remittance inflows.⁴

Among developing countries, the share in remittance flows of the least developed countries (characterised by very low percapita incomes, literacy rates and share of manufacturing in Gross Domestic product) increased by approximately two and a half times from 2.8 per cent to 6.8 per cent.⁵ The developing ESCAP countries⁶ also more than doubled their share in remittance inflows and that too within a shorter time span between 1975 and 1980.

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4. Their continued high share in world remittance receipts reflects receipts by relatively less developed, labour exporting European countries such as Greece, Portugal, Spain, Italy and Yugoslavia.
 5. The main beneficiaries were Sudan, Yemen A.R and Yemen P.D.R.
 6. The ESCAP countries receiving remittances were Pakistan, India, Bangladesh, Thailand, Rep. of Korea, Philippines, Sri Lanka, Nepal and Tonga.

In 1980 while \$67.6 out of every \$100 of world remittance flows originated in developed market economies, \$62.3 remained within the same group of countries. Only \$5.3 reached the non oil developing countries, but this formed about 15 per cent of their total remittance receipts. By a similar calculation it may be seen that earlier, in 1970 and 1975, non-oil developing countries received 17 per cent and 43 per cent respectively of their remittances from the developed countries. Thus while between 1970 and 1975, remittances emanating in the developed countries acquired increasing significance for non-oil developing countries, the process was reversed between 1975 and 1980. It should be noted also that the bulk of developed countries' remittance outflows to developing countries went to only a few countries. Besides Turkey, the countries receiving significant remittances from developed countries have been former colonies: North African countries from France, British Commonwealth countries from Britain and Indonesia from Netherlands.⁷

Remittance Flow into India

Remittances from Indian workers staying abroad are recorded principally as 'Private Transfers' in the current

7. See I.S. Gulati and Ashoka Mody, Remittances of Indian Migrants to the Middle East: An assessment with Special Reference to Migrants From Kerala State, Working Paper No. 182, Centre For Development Studies, Trivandrum, Kerala, pp. 20-21.

account of the balance of payments statistics published by the Reserve Bank of India. In addition, the capital account of the balance of payments statistics records net changes in the external accounts, denominated either in rupees or foreign currencies (viz. sterling or dollar), of the non resident Indians.

Table 5.2 presents trends in Indian invisibles and private transfers in balance of payments on current account. Private transfers in total invisibles ranged from more than 31 per cent in 1974-75 to more than 41 per cent in 1982-83. On the whole these receipts constituted more than one third of the total invisible receipts. Net private transfers which were only rupees 123.2 crores in 1970-71 consistently increased throughout the years following it and reached rupees 2774.5 crores in 1983-84 (an increase of 2152 per cent).

Balances under the non-resident (external) rupee accounts and foreign currency (non-resident) accounts are given in table 5.3. The scheme of foreign currency non-resident accounts has been formulated by the Government of India with effect from November 1, 1975 with a view to encouraging the flow of inward remittances through banking channels from non-resident Indians and persons of Indian origin. Such persons are permitted to open and maintain Foreign Currency Non-Resident (FCNR) term deposit

accounts in designated foreign currencies within authorised dealers in India by remittances of their savings from abroad or by conversion of existing non-resident (external) accounts maintained in rupees. The designated foreign currencies for the time being are US dollars and pound sterling and the period of deposit ranges from minimum of 91 days to a maximum of 61 months. Balances in the account including interest are repatriable in the currency of deposit and are free from Indian Income Tax. Exchange risk if any to non-resident account holders is thus eliminated.⁸ Balances under non-resident (external) rupee accounts have consistently increased from Rs. 185.45 crores in 1977 to Rs. 3639 crores⁹ by the end of June 1986 (see table 5.3). (Increased by 1862.25 per cent). The amount under foreign currency non-resident sterling accounts increased from pound sterling 20,15,000 in 1976 to pound sterling 23,33,18,000 by the end of June 1986 (Increased by 11479.06 per cent). Similarly balances under foreign currency non-resident dollar accounts increased from 447,46,000 in 1976 to 169,04,50,000 by the end of June 1986. (Increased by 3677.88 per cent). The balances under both non-resident (external) rupee and Foreign Currency amounts to Rs.6169.85 crores at the end of June 1986.

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8. See 'Foreign Currency Accounts Scheme 1975', Reserve Bank of India Bulletins August 1977 and June 1976.
 9. Balances by the end of June 1986 shown are provisional figures.

Determinants of Remittance Inflows

The remittances of migrants are subjected to a variety of socio-economic factors, the usually higher costs of settlement and living abroad, the need to keep a nest egg of savings abroad for emergency expenditure, the length of stay abroad, the ease of access to remittance facilities at the place of work and even educational level of migrants. The portion of remittance made for family maintenance tend to be relatively stable and consequently less responsive to incentives. It tends to decline sharply when migrants bring their immediate families over to live with them.¹⁰ Labour exporting countries have generally exhibited resourcefulness in designing policies to attract flows of remittances from their migrant workers.

In Bangladesh to attract emigrant workers repatriated savings into legal channel of remittance the so called Wage Earners Scheme (WES) was introduced in the middle of 1974. Under this scheme the migrant workers can sell their foreign exchange in Bangladesh to importers at a premium over the official rate and this provides an incentive to use official channels for sending money home.¹¹

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10. Anand G. Chandavarkar, "Use of Migrant Remittances in Labour Exporting Countries", Finance and Development, June 1980.
 11. Waheduddin Mohamud and S.R. Osmani, "Impact of Emigrant Workers Remittances on the Bangladesh Economy", The Bangladesh Development Studies, Mansoon 1980 November 3.

Countries like China, Korea and Philippines relied on compulsory measures for tracking the remittances.¹² In Philippines executive order No. 857 (1983) requires mandatory remittances of a certain percentage of foreign earnings. These mandatory remittances are to be converted into domestic currency at the official rate. Given that Peso (Philippine's currency) is generally over-valued the compulsory remittance scheme in effect involves a tax - depending on the degree of over valuation. Thailand has also experimented with a mandatory remittance scheme.¹³

Evidence from various labour exporting countries shows that given the lack of administrative machinery to enforce compulsory remittances a system of positive economic incentives works better than a system of administrative coercion.¹⁴

India and Yugoslavia allow foreign currency accounts with interest and capital withdrawable in foreign currency.¹⁵

12. World Bank, World Development Report 1984, Oxford (1984), p.101.

13. M.G. Quibria, "Inward Remittances and South Asian Economies", Asian Development Review, Vol. 4 No. 1986.

14. Ibid

15. World Bank, World Development Report 1984, Oxford (1984) p.101.

In India measures to attract remittances reached the logical culmination on November 1, 1975 when the Foreign Currency Non Resident Account (FCNRA) Scheme was put on stream.¹⁶ Since April 1, 1982 the external accounts are eligible for a premium of 2 per cent over and above the interest rate allowed to domestic accounts of comparable maturity.¹⁷ Besides this various tax exemptions and facilities for investment on both repatriation and non-repatriation basis are announced by the Government of India from time to time.¹⁸

Incentives offered in India have succeeded to a great extent in attracting remittances. C.P. Shaw observes that "what is noteworthy is that the bulk of remittances which in earlier years used to be made thorough clandestine channels in view of the attractive exchange rates in the unofficial market and the high profitable smuggling activities are now being made through official channel following the crackdown on smuggling and currency racketeers and the creation of a sunny investment

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16. See "Foreign Currency Accounts Scheme 1975", Reserve Bank of India Bulletin, August 1977.
 17. See I.S. Gulati and Ashoka Mody, Remittances of Indian Migrants to the Middle East: An assessment with Special Reference to Migrants From Kerala State, Working Paper No. 182, Centre For Development Studies, Trivandrum, Kerala, p.15.
 18. See Commerce Research Bureau, "Incentives of Non-Resident Indian Investment", Commerce, May 24, 1986.

climate in India".¹⁹ But press reports indicates that still there are forces operating in clandestine remittances.²⁰

Describing the bad effects of using illegal channels for remittances V.N. Marvah observes that "The adoption of unofficial channels for remittances would mean converting productive money into black money. The potential use of black money is in discharging social obligations and liabilities purchasing items of conspicuous consumption or in other unproductive ways"²¹

Remittances and Balance of Payments

In assessing the contribution of remittances to the economy as a whole there is a tendency to treat them in the ~~same~~^{SAME} way as other transfers from abroad. Although the impact of these flows on the balance of payments is essentially the same their respective contribution to capital outlays and economic growth are not identical. Foreign aid is readily available for direct investment, remittances on the other hand are essentially transfers of personal income used partly for consumption by the immediate family of the worker at home or by himself upon his return. At least a portion of the transfers, therefore

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19. C.P. Shaw, "Attracting Funds From Abroad", Financial Express, December 12, 1977.
 20. See "Tube Money Flows Turned into Crores", Mathrubhoomi (Malayalam) June 13, 1986.
 21. V.N. Marvah, "Foreign Remittances, How to Improve Their Effectiveness", The Economic Times, June 5, 1980.

has no direct impact on investment and the remaining funds are not necessarily channalised into productive investment in line with country's investment priorities.²²

For the South Asian Countries remittances constitute a major source of foreign exchange earnings. In Bangladesh remittances accounted for about 70 per cent of its total merchandise exports in 1982 and in Pakistan about 112 per cent of its exports in the same year.²³

In 1980 inward remittances provided almost as much foreign exchange as its value of exports of Upper Volta. Similarly for countries like Egypt, Turkey and portugal the corresponding proportion were more than sixty per cent. For Yugoslavia it was about 40 per cent of the value of exports.²⁴

For India remittances from abroad in the year 1974-75 accounted for nearly 13 per cent and more than 17 per cent of our total imports and exports. The share of the same went up considerably in 1980-81 constituting more than 36 per cent and 67

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22. Zafer Ecevit and K.C. Zacharia, "International Labour Migration" Finance and Development, December 1978.
 23. M.G. Quibria, "Inward Remittances and South Asian Economies", Asian Development Review, Vol.4 Nov 1, 1986.
 24. World Bank, World Development Report 1984, Oxford (1984), p.101.

per cent of our imports and exports indicating an overall rise of 23.6 per cent and 49.8 per cent during the period.²⁵

Table 5.4 shows trends in Indian exports, imports and net private transfers. Private transfers was only 7.8 per cent of exports and 8.25 per cent of imports in the year 1972-73. In the year 1980-81 private transfers accounted for more than 83 per cent of value of exports and 18 per cent of the value of imports. In the year 1984-85 private transfers which amounted to Rs.3101 crores were more than 26 per cent of the value of exports (Rs.11855 crores) and 18 per cent of the value of imports (Rs. 17173 crores).

It is to be noted here that the economic liberalisation policy pursued by the Indian Government has resulted in higher imports without achieving the anticipated growth in exports. It is heartening to observe that remittances from abroad have emerged as an important source of funds for meeting the rising trend of our imports and serve as a prop for our balance of payments position.

25. See Dr. Badar Alam Iqbal, "Remittances from Abroad and India's Balance of Payments", Yojana July 16-31, 1982.

Future of Remittances

There is no denying the fact that the future of this vital source of funds would, by and large, depend on the level of economic activity in West Asian region and their attitude towards labour force. Considering this fact the Seventh Five Year Plan document follows a cautious approach when it says: "Expatriate remittances and travel receipts are by far the most important elements of net invisible earnings. A substantial proportion of expatriate remittances originates in the oil producing countries of the Middle East, and unforeseen changes in their development plans and public spending, stemming from uncertainties surrounding the international oil market make it hazardous to forecast the inflow of remittances even over the medium term. The nominal level of expatriate remittances is projected to remain more or less unchanged, thus implying some continuing decline in real terms"²⁶

Remittances into Kerala

Estimates vary as regards to the volume of remittances into the State of Kerala. According to an article appeared in the Readers Digest, January 1981, the quantum of annual remittances was estimated to be Rupees 400 crores.²⁷ J. Jyot estimates the

26. Government of India, Planning Commission, Seventh Five Year Plan 1985-90, Vol.1, p.66.

27. "Bonanza in Kerala", Readers Digest, January 1981.

volume of annual inward remittances to the state as rupees 600 crores from Gulf countries alone.²⁸

Table 5.5 shows the frequency of remittances from our study area. More than 64 per cent of the emigrants surveyed reported monthly remittances. In the case of Talikulam it was more than 68 per cent whereas for Drumanayur it was more than 58 per cent. More than 21 per cent emigrants from the combined sample remitted once in two months. More than 7 per cent of the emigrants were not regular in remittance.

Table 5.6 depicts the distribution of emigrants by amount remitted. It is evident from the table that more than 70 per cent of the emigrants from the combined sample remitted a sum below Rs.20,000 annually. Only 5.60 per cent reported remittance below Rs.10,000. More than 19 per cent reported remittances between Rs.20,000 and Rs.30,000. Only 1.33 per cent reported remittance Rs.50,000 and above.

The average remittance made is Rs.16271.33 for the combined

28. J. Jyot, "Impact of Remittances on Kerala Economy", The Economic Times, October 1, 1985.

sample in our study area.²⁹ If we assume that 3.7 lakh Keralites remitted an amount equal to that reported in our study area we can infer that Rs.602 crores flowed into Kerala in the year 1984-85 from the Gulf countries alone.

Besides the cash remittances subject to certain conditions³⁰ Government allow merchandise remittances like consumer durables. The Baggage Rules 1978 exempt certain items like used articles from customs duty subject to a ceiling.³¹ Similarly the Transfer of Residence Rules 1978³² permit the eligible persons to avail the facility of exemption from customs duty for importing used household durables and articles subject to certain conditions.³³ If we assume that there is merchandise remittance to the tune of 20 per cent³⁴ of the cash

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29. The study conducted by Commerce Research Bureau reported the remittance per emigrat as Rs.11700. See Commerce Research Bureau, Emigration Inward Remittances and Economic Growth of Kerala, Report of a Survey, Bombay (1978), p.10.
 30. See R.K. Jain, Customs Tariff of India, Central Law Office, New Delhi (1980).
 31. See N.W. Alimchandani, Handy Customs Guidance, Bombay (1983), pp.8-9.
 32. During the field survey it came to notice that Transfer of Residence facility is mis-utilised by some emigrants by making use of more than one passport.
 33. See N.W. Alimchandani, Handy Customs Guidance, Bombay (1983) pp.8-9.
 34. A.G. Chandavarkar reports about 17 per cent merchandise remittances in the case of Pakistani emigrants, see A.G. Chandavarkar, "Use of Migrant Remittances in Labour Exporting Countries," Finance and Development, June 1980.

remittance the overall remittance inflow to the state from the Gulf countries will be about Rs.722.40 crores.³⁵

35. Reserve Bank of India Governor, R.N. Malhotra has observed on 11th July 1986 that foreign remittances would remain at a stable level of Rs. 3000 crores in 1985-86. He further observed that remittances from Gulf countries alone accounted for 40 to 50 per cent of total remittances. Since about 50 per cent of Indian migrants in the Gulf are from the state of Kerala our estimate is a reasonable one. See "RBI Rules out Reduction in Bank Lending Rates" Indian Express, July 12, 1986.

Table 5.1 Structure of Remittance Flows¹
(Percentage to World Total)

1	1970 2	1975 3	1980 4
	<u>Outflows</u>		
1. World	100.0	100.0	100.0
2. Developed market economies	81.3	80.0	67.6
3. Developing Economies	18.7	20.0	32.4
a) Oil exporting	7.6	9.0	20.4
b) Non-oil exporting	11.2	11.0	12.0
	<u>Inflows</u>		
1. World	100.0	100.0	100.0
2. Developed market economies	78.2	67.1	62.3
3. Developing Economies	21.8	32.9	37.7
a) Oil exporting	3.8	2.6	1.3
b) Non-oil exporting	18.0	30.3	36.3
i) Least developed ²	2.8	3.6	6.8
ii) ESCAP ³		6.0	14.3

NOTE: 1. The figures reported above related to 'Private unrequited transfers'. These consist almost entirely of remittances, but also include some miscellaneous items.

2. The 36 least developed countries are characterised by very low per capita incomes, literacy rates and shares of manufacturing in GDP.

3. ESCAP countries receiving remittances are Pakistan, India, Thailand, Republic of Korea, Bangladesh, Philippines, Sri Lanka, Nepal and Tonga.

Source: UNCTAD, 1983 (b) Annex p.32
IMF, International Financial Statistics

Table 5.2 Trends in India's Invisibles and Private Transfers
Balance of Payments on Current Account (Rs. crores)

Year	Total invisibles			Private Transfers*			5 as	7 as
	Rece- ipts	Pay- ments	Net (2-3)	Rece- ipts	Pay- ments	Net (5-6)	% of 2	% of 4
1	2	3	4	5	6	7	8	9
1970-71	416.5	496.4	-79.9	136.4	13.2	123.2	32.7	..
1971-72	447.6	485.4	-37.8	174.5	12.3	162.2	39.0	..
1972-73	462.4	506.2	-43.8	165.3	11.3	154.0	35.7	..
1973-74	556.4	568.0	-11.6	203.3	11.7	191.3	36.5	..
1974-75	882.4	557.3	325.1	279.9	6.2	273.7	31.7	84.2
1975-76	1429.5	744.7	684.9	541.2	13.4	527.8	37.9	77.1
1976-77	1925.3	937.4	987.9	745.6	6.8	738.8	38.7	74.8
1977-78	2528.9	961.6	1567.3	1029.3	6.5	1022.8	40.7	65.3
1978-79	2823.4	1130.8	1692.6	1059.3	16.8	1042.5	37.5	61.6
1979-80	4553.9	1414.1	3139.8	1631.9	7.7	1624.2	35.8	51.7
1980-81	5890.2	1579.6	4310.6	2268.8	11.6	2257.2	38.5	52.4
1981-82	5812.0	2008.3	3803.7	2237.1	16.5	2220.6	38.5	58.4
1982-83	6102.1	2622.4	3479.7	2541.0	14.1	2526.9	41.6	72.6
1983-84	6892.7	3284.3	3608.4	2785.1	10.6	2774.5	40.4	76.9

* Include various types of receipts some of which cannot be considered emigrant remittances such as (1) donations to religious organizations and charitable institutions in India and (2) contra entries against imports under US PL 480 Title 11 grants.

Source: Reserve Bank of India Bulletins various issues.

Table 5.3 ¹ Balance under Non-Resident (External) Rupee Accounts And Foreign Currency (Non-Resident) Accounts

Year	NR(E) Rupee Accounts		FCNR Accounts Sterling Pounds		FCNR Accounts US Dollars		
	Number	Amount (Rs.crores)	Number	Amount (000)	Number	Amount (000)	
1	2	3	4	5	6	7	
1975	--	--	142	--	307	--	
1976	--	--	2175	2015	9455	44746	
1977	140925	185.45a	4496	7296	23048	120705	
1978	248621	325.0 a	7274	13157	28474	144191	
1979	398607	530.0 b	8717	14437	30131	148439	
1980	545928	742.0 b	9938	16413	30087	150555	
1981	711954	1002.0 b	12190	20773	32602	159325	
1982	911811	1267.0 b	11629	21610	24235	104655	
1983	1268642	1873.0 b	--	80726 b	--	246232 b	
1984	1430815	2277.0 b	--	164614 b	--	408160 b	
1985	1699363	2967.0 b	--	227203 b	--	619060 b	
1986	1921439	*3639.0 b	--	233318 b	--	1690450 b	
				(Rs.444.47 crores)		(Rs.2086.38 crores)	

a. As at the end of March of respective years.

b. As at the end of June of respective years.

* Provisional

¹ The two schemes (NR(E) Accounts & FCNR Accounts) which were hitherto available only to non-resident individuals of Indian origin or Indian nationality were extended with effect from April 22, 1982 to overseas companies, partnership firms, societies and other corporate bodies owned to the extent of at least 60 per cent by non-resident Indian origin.

Source: Reserve Bank of India, Report on Trend and Progress of Banking in India various issues.

Table 5.4 Trends in India's Exports, Imports & Net Private Transfers (Rs. in crores)

YEAR	EXPORTS	IMPORTS	PRIVATE TRANSFERS	4 AS % OF 2	4 AS % OF 3
1	2	3	4	5	6
1972-73	1971	1867	154	7.81	8.25
1973-74	2523	2955	191.3	7.58	6.47
1974-75	3329	4519	273.7	8.22	6.06
1975-76	4043	5265	527.8	13.05	10.02
1976-77	5146	5074	738.8	14.36	14.56
1977-78	5404	5025	1022.0	18.93	16.98
1978-79	5726	6814	1042.5	18.21	15.30
1979-80	6459	8908	1624.2	25.15	18.23
1980-81	6711	12524	2257.2	33.63	18.02
1981-82	7803	13671	2220.6	28.46	16.24
1982-83	8834	14360	2526.9	28.60	17.60
1983-84	9872	15763	2774.5	28.10	17.60
1984-85	11855	17173	3101.0	26.15	18.06

Source: Reserve Bank of India Bulletins various issues.

Table 5.5 Distribution of Emigrants by Frequency of Remittances

Frequency of Remittance	ORUMANAYUR		TALIKULAM		COMBINED	
	Number	%	Number	%	Number	%
Once in a month	88	58.67	154	68.44	242	64.53
Once in two months	33	22.00	49	21.78	82	21.87
Once in three months	9	6.00	11	4.89	20	5.33
Once in four months	2	1.33	-	-	2	0.53
Not regular	18	12.09	11	4.89	29	7.73
	150	100.00	225	100.00	375	100.00

Table 5.6 Distribution of Emigrants by Magnitude of Remittances

Remittance Range (in Rs.)	ORUMANAYUR		TALIKULAM		COMBINED	
	Number	%	Number	%	Number	%
Less than 10000	8	5.33	13	5.78	21	5.60
10000 to 20000	103	68.67	142	63.11	245	65.33
20000 to 30000	27	18.00	45	20.00	72	19.20
30000 to 40000	7	4.67	18	8.00	25	6.67
40000 to 50000	3	2.00	4	1.78	7	1.87
50000 and above	2	1.33	3	1.33	5	1.33
	150	100.00	225	100.00	375	100.00
Average Remittance	16710.50		15978.88		16271.53	

Source: Sample Survey

CHAPTER - VI
IMPACT ANALYSIS I

Preceding chapter discussed the quantum of remittances made by the emigrants in general and to the state and study area in particular. The pattern of utilisation of inward remittances has significant socio-economic implications for the household at the micro and for the state at the macro level. For convenience, the impact analysis is divided into two chapters, one dealing with the impact on the emigrant and ex-emigrant households, and the other on the non-emigrant households and the economy in general.

At the outset we made it clear that the analysis is primarily based on the sample survey conducted in two selected panchayats of Chowghat taluk - Orumanayur and Talikulam. Table 6.1 shows the religion-wise break up of households surveyed. The table is divided into four, viz. emigrant households, ex-emigrant households, non-emigrant households and all the households surveyed. The total number of emigrant households surveyed was 250 of which 149 belonged to Muslim, 89 to Hindus and 12 to Christians. There were exactly 375 persons working abroad from the 250 emigrant households surveyed (1.5 per household). The total number of ex-emigrant households surveyed was 40 of which 25 were Muslim households 13 Hindu households and 2 Christian households.

With the help of schedules, detailed information was collected from all the households for two different points of time 1974 (base year) and 1985 (reference year). The analysis is mainly in the nature of comparisons of the relative positions of the different households at the two points of time.

Impact on Emigrant Households

As already mentioned, among the 250 emigrant households surveyed there were 375 emigrant workers. One hundred and forty nine Muslim households had 236 persons, 89 Hindu households 123 persons and 12 Christian households 16 persons working abroad at the time of the survey. All the emigrant workers in our sample were males. Only 13 married emigrants were able to stay in the host country with their spouses and children¹. Total number of members in the 250 emigrant households were 1507 of which 976 were females and 531 males. Among them 561 were children.

Impact on Housing Conditions

The studies concerning emigration to the Middle East from Kerala often indicates a tendency on the part of emigrant

1. The laws of the emigrant country generally do not permit the stay of the emigrants with their family in the host country unless they are earning salaries above a specified minimum level.

households to spend more on improving their housing conditions.².

The impact on the housing conditions of the emigrant sample households can be seen in table 6.2. In the base year³ more than 83 per cent (208 households) were residing in houses made of thatched roof (mainly using coconut palm leaves). Of this 208 households 187 were residing in huts that provided hardly any shelter from the vagaries of the weather. More than 15 per cent (39 households) were having tiled roof. There was only one terraced roof among the emigrant households in the base year. But we witness dramatic changes in the reference year. The number of thatched roofs decreased to 3.2 per cent (8 houses) of which only 4 were huts. The number of terraced houses had risen to 171 (68.4 per cent). Partly tiled and terraced houses increased from 2 to 22 (8.8 per cent). Changes in the roof of the houses also necessitated changes in the structure. Mud structure yielded place to bricks and mortar and to pillars in some cases.

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2. B.A. Prakash, "Impact of Foreign Remittances: A Case Study of Chavakkad Village", Economic And Political Weekly, July 8, 1978. E.T. Mathew and P.R. Gopinathan Nair, "Socio-Economic Characteristics of Emigrants and Emigrants' Households", Economic And Political Weekly, July 15, 1978.
 3. Although the aggregate number of houses is shown as 250 in the base year it is not accurate because in some cases members of more than one emigrant household lived jointly in one house in the base year but shifted to new houses constructed later.

Details collected about the type of flooring of the houses show that 36 per cent have mosaic flooring (90 houses). Mud flooring⁴ declined from 80 per cent in the base year to just 2.4 per cent in the reference year. In the case of cement flooring the increase was from 19.6 per cent (49 houses) to 35.2 per cent (88 houses). Both cement and mosaic flooring were seen in the case of 66 houses. In some cases the old houses were extended mostly the front portions and the extended portions are provided with mosaic flooring and terraced roofs.

Ninety eight per cent of the houses in the base year were single storeyed ones. But this had declined to 60 per cent in the reference year. At present there are 99 double storeyed houses. With regard to the electrification of houses only 15.2 per cent had enjoyed electricity in the base year whereas now more than 96 per cent have got electric connection. Many of the houses are painted in dazzling colours with quality paints. Some of the houses are having show walls constructed artistically with costly tiles. The windows are provided with different types of glasses.

4. In the case of mud flooring cow dung is frequently used to maintain smoothness of the surface.

Lawrie Baker, the English architect who settled in India and who is an admirer of indigenous architecture of the orient has once observed that "In Kerala no one builds any more houses in the traditional way. The beautiful houses built with local natural materials and were functionally the ideal for the Kerala climatic conditions were yielding place to the new type of reinforced cement concrete terraced structures coated with chemical glossy colours - angry reds and purples, metallic greens and blues, startling oranges and yellows - deposited on the ground like a spoiled child's toy blocks, defiantly spread across the floor..... Among the pleasant homely tiled and thatched houses these bold painted compilations of gimmicks stand out like sore thumbs.... The most unsuitable material for walls in a hot climate is glass. It lets in unwanted heat and glare"⁵. It may be noted here that despite the defects pointed out by Lawrie Baker people are more or less carried away by reinforced concrete structure.

Impact on Land Holdings and Jewellery of Emigrant Households

There has been extensive comment on the emigrant households priorities in purchasing land and jewellery besides constructing houses⁶. Table 6.3 shows the extent of land and jewellery

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5. Lawrie Baker, "A Special Child's Toy Blocks" Indian Express, 22 May 1983.
 6. See for instance P.V. Rajeev, "Impact of Gulf Money on the Kerala Economy", Yojana June 1, 1980 and also Raju Kurien and Dilip Thakore, "Gulf Money in Kerala: Coping with Problems of Plenty", Business India, June 25 - July 8, 1979.

possessed by the emigrant households in the base year and reference year in our study area. During the field survey 107 emigrant households reported purchase of land since the base year. As per the table, in Orumanayur the per household extent of land possessed in 1974 was 62.18 cents. This increased to 128.93 cents in the reference year (107.35% increase). Similarly in Talikulam the average area possessed in the base year was 68.47 cents which increased to 154.05 cents in the reference year (125% increase). For the combined sample the average land owned in 1974 was 65.95 cents and it increased to 144 cents in the reference year (increased by 118.34 per cent).

Further enquiry regarding the location of land purchased revealed that though the emigrants preferred to purchase land in their own villages, the scarcity of land in the locality forced them to buy land in other places. The purchase was not only extended to neighbouring villages but also to other districts. Consequently, the demand for land in emigrant pockets had 'spill over' effects to other parts of the state.

Households were generally reluctant to answer questions regarding the quantity of gold ornaments possessed by them. The quantity of gold possessed by the households showed dramatic

change⁷. In Drumanayur the quantity of gold possessed by the respondent households increased from a mere 22 grams in the base year to 332 grams in the reference year (1560 per cent increase). Talikulam showed seven fold increase from 32 grams to 224 grams per emigrant households. The increase in the percentage of gold can be attributed to both its high value and its appreciating nature and to its use for purposes of ostentation. Probably the per capita use of gold in Kerala may be higher than in other states. In fact, Trichur town has got the largest number of jewellery shops in Kerala and is often mentioned as the gold trading center of the state. It is reported from Bombay that the demand for gold in Kerala has a noticeable impact on the Indian gold market⁸.

Impact on the Asset Structure of the Emigrant Households

We have already made some observations regarding the housing conditions land area and jewellery possessed by the emigrant households. Now let us examine the assets like

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7. Despite the sophisticated metal detectors installed in our international airports some emigrants cleverly manage to bring home gold from abroad. Besides bribing the customs officials they used to conceal it inside the sole of footwears, inside cosmetics like soap cakes, talc powder containers and some concealing it in the private parts of the anatomy. It is a fact that gold in the form of biscuits and coins are available in emigrant centres like Chowghat for purchase.
 8. P.V. Rajeev "Impact of Gulf Money on the Kerala Economy", Yojana June 1, 1980.

buildings other than residential constructions, automobiles, consumer durables, etc. Table 6.4 presents the average value of different assets possessed by the emigrant households. We have already seen that the area of land possessed by the Drumanayur emigrant is less than that of the Talikulam emigrant. But in the table the average value of land possessed by the Drumanayur emigrant households is higher, that is Rs.393,715 whereas in Talikulam it is Rs.303,810. This is mainly owing to the fact that the monetary value of the land possessed by the emigrant households in Drumanayur is higher than that of Talikulam. Moreover, the proportion of low lying lands (formerly paddy fields) possessed by Talikulam households is higher in the area of total land. For the combined sample land constituted 52.93 per cent of total assets with an average value of Rs.339772.00.

Buildings include not only the residential constructions but also other buildings owned by the household. The value of buildings possessed by Talikulam emigrant household is higher (Rs.225250.00) compared to the corresponding value for Drumanayur (Rs.200500.00). This is largely due to the fact that the Talikulam samples contained a multistoreyed hotel and a cinema house. The average value of buildings to the combined sample is Rs. 215350 which constitute more than one third of the value of assets possessed by them. In the case of Talikulam emigrant households buildings constituted more than 37 per cent of total assets whereas for Drumanayur it constituted only 28.81 per

cent. The value of jewellery possessed by the Orumanayur emigrant households is higher (Rs.63080) compared to their Talikulam counterparts (Rs.42560). The average value of the combined sample is Rs.50768 which account for 7.91 per cent of the value of total assets. Automobiles accounted for only two per cent of the total assets (Rs.12912). Value of other consumer durables worked out to be 2.98 per cent (Rs.19103) of the total assets. Here again Orumanayur emigrant households are in the forefront with an average value of Rs.20120 compared to Rs.18425 for Talikulam.

Table 6.5 presents the item-wise information⁹ regarding the value of consumer durables other than automobiles possessed by the emigrant households. Video, television, camera, air conditioners, etc. account for about 30 per cent of the total value of consumer durables possessed by the households. Next come furniture which are found in every sample household the value of which is estimated to be Rs.4468 (23.39 per cent of

9. Discussions with well versed emigrants indicated that sometimes the emigrants ignorance about the quality and price of certain consumer durables available in the home market resulted in incurring losses by importing items like refrigerators, paying the duty in which case quality products more conducive to our climate is available in the home market. But in the case of air conditioners, stereos, etc. foreign goods are cheaper and qualitative. Japanese goods are cheaper compared to western goods. However, imitations of consumer durables are prevalent in Gulf markets which may not be easy to detect by an emigrant.

total) per house. Items like pump sets, mixie, cooking range and other household gadgets accounted for more than 19 per cent (Rs.3703). The per household value of audio instruments like radio, tape recorder, two-in-one, and three-in-one, worked out to be Rs.3222 (more than 16 per cent). The per household value of refrigerator and washing machine account for one tenth of the value of consumer durables (Rs.1914).

Table 6.6 describes the changes occurred in the assets of the emigrant households from the data collected for the base year and reference year. Although there are marked difference in the monetary and real value of the assets possessed by the emigrant households from the base year to the reference year there was only marginal difference in the relative position of the different constituent items of total assets with the exception of jewellery and consumer durables. In the case of jewellery it was only 1.5 per cent of the total assets in the base year. It increased to 7.91 per cent of the total assets in the reference year. Similarly consumer durables including automobiles which were only 2.33 per cent of the total assets in the base year increased to about 5 per cent in the reference year. The increase of the value of assets in nominal terms was 1656.89 per cent from the base year to reference year. The maximum increase was visible in the case of jewellery (more than 80 times). The value of consumer durables rose by 41 times. The value of land

increased by more than 1317 per cent while that of buildings by more than 1271 per cent. Other assets increased only by 297.37 per cent.

Income Pattern of Emigrant Households

The most important source of income to emigrant households were remittances from abroad which constituted more than 83 per cent of the total income of the households (see table 6.7). Agriculture and allied activities contributed to 7.43 per cent of total income. The proportionate share of agriculture is higher in Talikulam (7.85 per cent) compared to Orumanayur (6.82 per cent). The average household income from all sources was Rs.29307.30 for the year. During the survey the tendency on the part of respondents was to magnify the remittances made and they were comparatively reluctant to divulge other incomes. Thirteen Muslim emigrant households reported that they were not taking interest from their deposits in banks which is against the spirit of their religion¹⁰.

10. See also "Return From The Dream Land - 5" Malayala Manorama, December 27, 1986.

Table 6.8 shows the distribution of emigrant households by income. About 8.4 per cent reported income below Rs.10000. One fifth of the total emigrant households enjoyed income between Rs.10,000 and Rs.20,000. The largest group (42.8%) enjoyed income between Rs.20,000 and Rs.30,000. Only 16 emigrant households reported income above Rs.50,000.

Pattern of Consumption Expenditure by the Emigrant Households

For convenience sake, the major consumption items are grouped into five (see table 6.9). The average household expenditure on food items per year is Rs.13679.50 for the combined sample. Here Drumanayur emigrant households spent more on food items (Rs.15010) compared to their counterpart in Talikulam (Rs.12792). In the case of expenditure incurred for clothing ¹¹ there is not much difference between Talikulam and Drumanayur emigrant households. Expenditure reported for medical care by the emigrant households is substantial. It forms more than 13 per cent of the total consumption expenditure. The average amount spent on medical care is Rs.2706.00. Education account for about 7.5 per cent of total consumption expenditure.

11. Since major portion of clothes are brought here by the emigrant himself the expenditure reported on clothing may be an underestimate.

With regard to the distribution of emigrant households according to consumption, expenditure only 8.4 per cent incurred expenditure of less than Rs.10000 on consumption whereas more than 12 per cent emigrant households incurred consumption expenditure of Rs.30000 and above (for details see table 6.10).

Impact on Ex-Emigrant Households

Although there were ex-emigrants in the emigrant households, for detailed study we took only ex-emigrant households having no members at present working abroad. In the 40 ex-emigrant households surveyed there were 56 ex-emigrants. Most of the respondents themselves were ex-emigrants.

Pattern of employment of the ex-emigrants before and after emigration, and since their return is shown in table 6.11. More than 48 per cent of the ex-emigrants were unemployed before emigration. While abroad more than 30 per cent ex-emigrants were skilled workers. One fourth of them were employed as clerks, salesmen, accountants, etc. Presently more than 35 per cent of the ex-emigrants are unemployed, 14 per cent do business and 16 per cent do jobs of clerks, accountants, etc. More than 10 per cent presently do unskilled work here.

Information collected about the reasons for return of the emigrants shows the unfavourable conditions existing in the Gulf labour market for Kerala emigrants. Table 6.12 reveals that 23 per cent of the ex-emigrants were not able to get their visa renewed. More than 14 per cent faced retrenchment. About 16 per cent had to return due to the completion of their project work. Family problems like managing of household property, business and education of children were mentioned by 6 persons. Old age and other health problems were responsible for the return of 5 persons. But five ex-emigrants were 'target savers' who returned back after the attainment of their target in acquiring wealth¹². Enquiries regarding their willingness to emigrate showed that half of the ex-emigrants are unwilling to emigrate again. But 37.5 per cent ex-emigrants are willing to emigrate again. Whereas 12.5 per cent are yet to take a decision (see table 6.13). As evident from table 6.14 housing conditions of the ex-emigrant households more or less reflect similar pattern of the emigrant households.

12. Among the target savers there is a school teacher from Orumanayur who worked as an accountant in the Gulf for two years and purchased two acres of coconut plantations 'for his children' and fully satisfied rejoined his job as teacher. Similarly an ex-emigrant from Talikulam who was working in Bombay as an Engineer emigrated under the project of a Belgium construction company worked in Iraq more than three years, returned to his village brought some property, remodelled his house, invested in business mainly in a hotel but now feels to emigrate provided he can save at least Rs.12000 per month from abroad.

Changes in the asset value of ex-emigrant households depicted in table 6.15 show that there is not much difference in the percentage increase in the value of assets and more or less follow the same pattern of emigrant households.

Income pattern of the ex-emigrant households is shown in table 6.16. The average income per household is reported as Rs.14204. Agriculture and allied activities contributed about 35 per cent of total income. Whereas non-agricultural enterprises contribute to more than 42 per cent (Rs.6015). Other sources account for more than 22 per cent (Rs.3200).

Consumption expenditure pattern of the ex-emigrant households is presented in table 6.17. Average expenditure on food items is reported to be Rs.10312 which forms 64.12 per cent of the total consumption expenditure of the year. Clothing accounted for 10.78 per cent of the consumption expenditure. Education also accounted for about ten per cent of the total consumption expenditure.

Emigrant and Ex-Emigrant Households: A Comparison

Since the ex-emigrant households ceased to get income from abroad it is appropriate to compare the variables with emigrant households. Table 6.18 compares the value of assets possessed by

emigrant and ex-emigrant households. The average value of assets possessed by ex-emigrant households is less by Rs.51680¹³. The value of buildings itself is less by Rs.35100. The only item which showed an increase in value compared to emigrant households is other assets by Rs.825.

Table 6.19 compares the income pattern of emigrant households and ex-emigrant households. In the case of emigrant households remittances from abroad constitute more than 83 per cent of the income whereas it is completely absent in the case of ex-emigrant households. Compared to ex-emigrant households income from agriculture and allied activities is less by Rs.2847 for the emigrant households. Similarly income from non-agricultural enterprises and other sources are less by Rs.4599 and Rs.1894 respectively in the case of emigrant households. What follows is that ex-emigrant households are trying their best to offset the absence of remittances from abroad.

13. An ex-emigrant from Drumanayur who served as a waiter in a bar in the Gulf reported that after return his extravagant spending habit and tendency to treat friends like in a five star hotel, periodical letters from his brother-in-laws about the progress of acquiring a new visa for the ex-emigrant which in turn keep the extravaganza unchecked resulted in the loss of assets worth 1.5 acres of land and two photo studios owned by him.

The absence of inward remittance is also reflected in the consumption expenditure of the ex-emigrant households. The average household consumption expenditure is Rs.4271.90 higher in the case of emigrant households (see table 6.20). In the case of clothing expenditure ex-emigrant households reported Rs.102.50 higher than the emigrant households. Ex-emigrant households reported that despite their reduction in income they could not make corresponding reduction in consumption levels to which they are accustomed.

Liabilities of the Households

It is evident from table 6.21 that 16 emigrant households have out-standing debt at the time of survey. The liability of the 16 emigrant households amounts to Rs.648200. In the case of ex-emigrant households although the indebted households are reported to be 9, the outstanding total debt amounts to Rs.96750. However, it is to be noted here that only 6.4 per cent of the emigrant households¹⁴ reported liabilities whereas the corresponding percentage for ex-emigrant households is 22.5.

14. The emigrant himself might have borrowed in the host country for meeting the contingencies of his family in home of which the respondent may not be aware always.

TABLE 6.1 RELIGION-WISE DISTRIBUTION OF HOUSEHOLDS SURVEYED

1. EMIGRANT HOUSEHOLDS

<u>PANCHAYAT</u> (1)	<u>MUSLIMS</u> (2)	<u>HINDUS</u> (3)	<u>CHRISTIANS</u> (4)	<u>TOTAL</u> (5)
DRUMANAYUR	79	15	6	100
TALIKULAM	70	74	6	150
TOTAL	149	89	12	250

2. EX-EMIGRANT HOUSEHOLDS

(1)	(2)	(3)	(4)	(5)
DRUMANAYUR	12	2	1	15
TALIKULAM	13	11	1	25
TOTAL	25	13	2	40

3. NON-EMIGRANT HOUSEHOLDS

(1)	(2)	(3)	(4)	(5)
DRUMANAYUR	5	13	2	20
TALIKULAM	3	34	3	40
TOTAL	8	47	5	60

4. ALL THE HOUSEHOLDS SURVEYED

(1)	(2)	(3)	(4)	(5)
DRUMANAYUR	96	30	9	135
TALIKULAM	86	119	10	215
TOTAL	182	149	19	350

TABLE 6.2 HOUSING CONDITIONS OF THE EMIGRANT HOUSEHOLDS

	BASE YEAR (1974)		REFERENCE YEAR (1985)	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
A. <u>ROOFING</u>				
THATCHED ROOF	208	83.20	8	3.20
TILED ROOF	39	15.60	49	19.60
TILED & TERRACED ROOF	2	0.80	22	8.80
TERRACED ROOF	1	0.40	171	68.40
B. <u>TYPE OF FLOOR</u>				
MUD	201	80.40	6	2.40
CEMENT	49	19.60	88	35.20
CEMENT & MOSAIC	-	-	66	26.40
MOSAIC	-	-	90	36.00
C. <u>NUMBER OF STOREYS</u>				
SINGLE STOREYED	246	98.40	151	60.40
DOUBLE STOREYED	4	1.60	99	39.60
D. <u>ELECTRIFICATION</u>				
ELECTRIFIED	38	15.20	241	96.40
NOT ELECTRIFIED	212	84.80	9	3.60

SOURCE: SAMPLE SURVEY

TABLE 6.3 SELECTED ASSETS OF EMIGRANT HOUSEHOLDS IN REAL TERMS

	<u>DRUMANAYUR</u>	<u>TALIKULAM</u>	<u>COMBINED</u>
<u>A. BASE YEAR</u>			
Average land area possessed	62.18 cents	68.47 cents	65.95 cents
Gold Jewellery possessed	20.00 grams	32.00 grams	27.20 grams
<u>B. REFERENCE YEAR</u>			
Average land area possessed	128.9 cents	154.05 cents	144.00 cents
Gold Jewellery possessed	332.00 grams	224.00 grams	267.20 grams
<u>C. PERCENTAGE INCREASE OVER THE BASE YEAR</u>			
Land	107.35	124.99	118.34
Gold Jewellery	1560.00	600.00	882.35

SOURCE: Sample Survey

TABLE 6.4 VALUE OF ALL THE ASSETS POSSESSED BY THE EMIGRANT HOUSEHOLDS

TYPE OF ASSETS	AVERAGE VALUE IN RUPEES		
	ORUMANAYUR	TALIKULAM	COMBINED
Land	393715.00 (56.57)	303810.00 (50.15)	339772.00 (52.93)
Buildings	200500.00 (28.81)	225250.00 (37.18)	215350.00 (33.55)
Jewellery	63080.00 (9.06)	42560.00 (7.03)	50768.00 (7.91)
Automobiles	13350.00 (1.92)	12620.00 (2.08)	12912.00 (2.01)
Other consumer durables	20120.00 (2.89)	18425.00 (3.04)	19103.00 (2.98)
Other assets	5250.00 (0.75)	3125.00 (0.52)	3975.00 (0.62)

TOTAL	696015.00 (100.00)	605790.00 (100.00)	641880.00 (100.00)

NOTE: Figures in brackets denote percentages.

SOURCE: Sample survey.

TABLE 6.5 VALUE OF CONSUMER DURABLES POSSESSED BY THE EMIGRANT HOUSEHOLDS

TYPE OF ASSETS	AVERAGE VALUE IN RUPEES		
	ORUMANAYUR	TALIKULAM	COMBINED
Radio/tape recorder, two-in-one & three-in-one	3630.00 (18.04)	2950.00 (16.01)	3222.00 (16.87)
Video, television, camera, air conditioners	6015.00 (29.90)	5650.00 (30.66)	5796.00 (30.34)
Refrigerator and washing machine	2115.00 (10.51)	1780.00 (9.66)	1914.00 (10.01)
Furniture	4675.00 (23.24)	4330.00 (23.50)	4468.00 (23.39)
Pump set, cooking range and other gadgets	3685.00 (18.32)	3715.00 (20.16)	3703.00 (19.38)

TOTAL	20120.00 (100.00)	18425.00 (100.00)	19103.00 (100.00)

NOTE: Figures in brackets denote percentages.

SOURCE: Sample Survey

TABLE 6.6 CHANGES IN THE ASSETS OF EMIGRANT HOUSEHOLDS

TYPE OF ASSETS	BASE YEAR		REFERENCE YEAR		PERCENTAGE INCREASE OVER THE BASE YEAR
	VALUE	% TO TOTAL VALUE	VALUE	% TO TOTAL VALUE	
Land	23962.50	56.75	339772.00	52.93	1317.93
Building	15697.50	37.17	215350.00	33.55	1271.87
Jewellery	632.00	1.50	50768.00	7.91	7932.91
Automobiles	525.00	1.24	12912.00	2.01	2359.43
Other consumer durables	460.00	1.09	19103.00	2.98	4052.83
Other assets	950.00	2.25	3775.00	0.62	297.37

TOTAL	42227.00	100.00	641880.00	100.00	1656.89

SOURCE: Sample survey.

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⁷
 330,191.5 (548.3)
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TABLE 6.7 INCOME PATTERN OF EMIGRANT HOUSEHOLDS (in Rs.)

<u>SOURCE</u>	<u>ORUMANAYUR</u>	<u>TALIKULAM</u>	<u>COMBINED</u>
Remittance from abroad	25065.75 (84.41)	23968.30 (82.51)	24407.30 (83.28)
Agriculture and allied activities	2025.00 (6.82)	2280.00 (7.85)	2178.00 (7.43)
Non agricultural enterprises	1485.00 (5.00)	1370.00 (4.72)	1416.00 (4.83)
Others	1120.00 (3.77)	1430.00 (4.92)	1306.00 (4.46)
TOTAL	29695.75 (100.00)	29048.30 (100.00)	29307.30 (100.00)

TABLE 6.8 DISTRIBUTION OF EMIGRANT HOUSEHOLDS BY INCOME (IN Rs.)

<u>INCOME RANGE</u>	<u>ORUMANAYUR</u>	<u>TALIKULAM</u>	<u>COMBINED</u>
Below 10000	6	15	21 (8.4)
10000 - 20000	21	31	52 (20.8)
20000 - 30000	38	69	107 (42.8)
30000 - 40000	22	20	42 (16.8)
40000 - 50000	7	5	12 (4.8)
50000 and above	6	10	16 (6.4)
TOTAL	100	150	250 (100.00)

NOTE: Figures in bracket denote percentage
 SOURCE: Sample survey

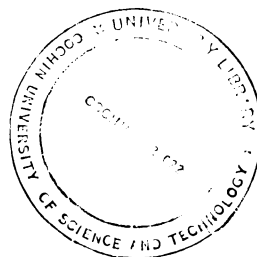


TABLE 6.9 CONSUMPTION EXPENDITURE OF THE EMIGRANT HOUSEHOLDS
(In Rs.)

<u>ITEM</u>	<u>ORUMANAYUR</u>	<u>TALIKULAM</u>	<u>COMBINE</u>
Food	15010.00 (68.12)	12792.50 (66.64)	13679.50 (67.28)
Clothing	1608.50 (7.30)	1643.50 (8.56)	1629.50 (8.01)
Medical care	2925.00 (13.28)	2560.00 (13.34)	2706.00 (13.31)
Education	1630.00 (7.40)	1450.00 (7.55)	1522.00 (7.49)
Others	860.00 (3.90)	751.50 (3.91)	794.90 (3.91)

TOTAL	22033.50 (100.00)	19197.50 (100.00)	20331.90 (100.00)

NOTE: Figures in paranthesis denote percentages.

TABLE 6.10 DISTRIBUTION OF EMIGRANT HOUSEHOLDS BY CONSUMPTION EXPENDITURE

<u>CONSUMPTION EXPEN. (IN Rs.)</u>	<u>ORUMANAYUR</u>	<u>TALIKULAM</u>	<u>COMBINE</u>	
			<u>NUMBER</u>	<u>PERCENTAGE</u>
Below 5000	1	4	5	2.00
5000 - 10000	4	12	16	6.40
10000 - 15000	7	29	36	14.40
15000 - 20000	8	53	61	24.40
20000 - 25000	33	35	68	27.20
25000 - 30000	26	7	33	13.20
30000 - 35000	13	5	18	7.20
35000 - 40000	5	3	8	3.20
40000 - 45000	2	-	2	0.80
45000 - 50000	1	2	3	1.20

TOTAL	100	150	250	(100.00)

SOURCE: SAMPLE SURVEY

TABLE 6.11 EMPLOYMENT PATTERN OF THE EX-EMIGRANTS

	<u>BEFORE EMIGRATION</u>		<u>WHILE ABROAD</u>		<u>AT PRESENT</u>	
	<u>NUMBER</u>	<u>PERCENTAGE</u>	<u>NUMBER</u>	<u>PERCENTAGE</u>	<u>NUMBER</u>	<u>PERCENTAGE</u>
Unemployed	27	48.21	-	-	20	35.71
Skilled	3	5.36	17	30.36	13	23.21
Un-skilled	15	26.79	20	35.71	6	10.72
Clerks, Sales- men, etc.	6	10.71	14	25.00	9	16.07
Business	3	5.36	5	8.93	8	14.29
Business	2	8.57	-	-	-	-
TOTAL	56	100.00	56	100.00	56	100.00

TABLE 6.12 DISTRIBUTION OF EX-EMIGRANTS BY REASONS FOR RETURN

<u>REASONS</u>	<u>NUMBER</u>	<u>PERCENTAGE</u>
Expiry of the contract	9	16.07
Visa not renewed	13	23.21
Retrenchment	8	14.29
Family problems	6	10.71
Health problems	5	8.93
Target saved	5	8.93
Reduction in salary	9	16.07
Remuneration not enough	1	1.79
TOTAL	56	100.00

TABLE 6.13 DISTRIBUTION OF EX-EMIGRANTS BY WILLINGNESS TO EMIGRATE AGAIN

	<u>WILLING</u>	<u>NOT WILLING</u>	<u>NOT DECIDED</u>
Number	21	28	7
Percentage	37.50	50.00	12.50

SOURCE: SAMPLE SURVEY

TABLE 6.14 HOUSING CONDITIONS OF THE EX-EMIGRANT HOUSEHOLDS

	BASE YEAR		REFERENCE YEAR	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
<u>A. ROOFING</u>				
Thatched	27	67.50	1	2.50
Tiled	12	30.00	8	20.00
Tiled & Terraced	1	2.50	5	12.50
Terraced	-	-	26	65.00
<u>B. TYPE OF FLOORING</u>				
Mud	20	50.00	-	-
Cement	20	50.00	23	57.50
Cement & Mosaic	-	-	2	5.00
Mosaic	-	-	15	37.50
<u>C. STOREYES</u>				
Single storeyed	34	85.00	18	45.00
Double storeyed	6	15.00	22	55.00
<u>D. ELECTRIFICATION</u>				
Electrified	8	20.00	37	92.50
Not electrified	32	80.00	3	7.50

SOURCE: SAMPLE SURVEY

TABLE 6.15 CHANGES IN THE ASSETS OF EX-EMIGRANT HOUSEHOLDS

TYPE OF ASSETS	BASE YEAR		REFERENCE YEAR		PERCENTAGE INCREASE OVER THE BASE YEAR
	VALUE (IN Rs.)	% TO TOTAL VALUE	VALUE (IN Rs.)	% TO TOTAL VALUE	
Land	32070	63.05	338520	57.36	955.57
Building	15250	29.98	180250	30.54	1081.97
Jewellery	1800	3.54	45030	7.63	2401.67
Automobiles	325	0.64	9350	1.58	2776.92
Other consumer durables	310	0.61	12250	2.08	3851.61
Others	1110	2.18	4800	0.81	332.43
TOTAL	50865	100.00	590200	100.00	1060.33

TABLE 6.16 INCOME PATTERN OF EX-EMIGRANT HOUSEHOLDS (IN Rs.)

SOURCE	INCOME	PERCENTAGE
Agriculture and allied activities	5025.00	35.29
Non agricultural enterprises	6015.00	42.24
Others	3200.00	22.47
TOTAL	14240.00	100.00

SOURCE: SAMPLE SURVEY

TABLE 6.17 CONSUMPTION EXPENDITURE OF THE EX-EMIGRANT HOUSEHOLDS
(In Rs.)

ITEMS	AVERAGE EXPENDITURE	PERCENTAGE
Food	10312	64.21
Clothing	1732	10.78
Medical care	2240	13.95
Education	1576	9.81
Others	200	1.25
TOTAL	16060	100.00

TABLE 6.18 COMPARISON OF ASSETS POSSESSED BY EMIGRANT AND EX-EMIGRANT HOUSEHOLDS

TYPE OF ASSETS	AVERAGE VALUE FOR EMIGRANT HOUSEHOLDS	AVERAGE VALUE FOR EX-EMIGRANT HOUSEHOLDS	DIFFERENCE 2 - 3
1	2	3	4
Land	339772.00	338520.00	1252
Buildings	215350.00	180250.00	35100
Jewellery	50768.00	45030.00	5738
Automobiles	12912.00	9350.00	3562
Other consumer durables	19103.00	12250.00	6853
Others	3975.00	4800.00	(-) 825
	641880.00	590200.00	51680

SOURCE: Sample Survey

TABLE 6.19 INCOME PATTERN OF EMIGRANT AND EX-EMIGRANT HOUSEHOLDS

SOURCE	EMIGRANT HOUSEHOLDS		EX-EMIGRANT HSEHLDS		DIFFERENCE 2-4
	AVG. INCOME	%	AVG. INCOME.	%	
1	2	3	4	5	6
Remittance from abroad	24407.30	83.28	-	-	24407.30
Income from agricul- ture and allied activities	2178.00	7.43	5025.00	35.29	(-) 2847.00
Non-agricultural enterprises	1416.00	4.83	6015.00	42.24	(-) 4599.00
Others	1306.00	4.46	3200.00	22.47	(-) 1894.00
	29307.30	100.00	14240.00	100.00	15067.30

TABLE 6.20 CONSUMPTION EXPENDITURE PATTERN OF EMIGRANT AND EX-EMIGRANT HOUSEHOLDS

ITEM	EMIGRANT HOUSEHOLDS		EX-EMIGRANT HSEHLDS		DIFFERENCE 2-4
	EXPENDITURE	%	EXPENDITURE	%	
1	2	3	4	5	6
Food	13679.50	67.28	10312	64.21	(+) 3367.50
Clothing	1629.50	8.01	1732	10.78	(-) 102.50
Medical Care	2706.00	13.31	2240	13.95	(+) 466.00
Education	1522.00	7.49	1576	9.81	(-) 54.00
Others	794.90	3.91	200	1.25	(+) 594.90
	20331.90	100.00	16060	100.00	4271.90

SOURCE: Sample Survey

TABLE 6.21 OUTSTANDING DEBTS OF EMIGRANT AND EX-EMIGRANT HOUSEHOLDS

A. EMIGRANT HOUSEHOLDS

PURPOSE	INSTITUTIONAL SOURCE	MONEY LENDERS*	FRIENDS & RELATIVES
1	2	3	4
Construction of House			8200 (3)
Business	350000 (3)		
Purchase of Land		3000 (1)	
Purchase of Automobiles	256000 (5)	5000 (1)	
Marriage			26000 (3)

B. EX-EMIGRANT HOUSEHOLDS

PURPOSE	INSTITUTIONAL SOURCE	MONEY LENDERS*	FRIENDS & RELATIVES
1	2	3	4
Construction of House			7000 (1)
Business		10000 (1)	
Purchase of Automobiles	55000 (2)		
Marriage		3500 (1)	20000 (3)
Household Consumption			1250 (1)

* Money lenders include private financial enterprises often nicknamed in Kerala as 'blade companies' who charge abnormal interest rate than prescribed by the Reserve Bank of India.

Figures in bracket denote number of households indebted.

SOURCE: Sample Survey

CHAPTER VII
IMPACT ANALYSIS . . 2

Impact on non-emigrant Households

We have surveyed 60 non-emigrant households (control group) and the changes in their conditions at two points of time base year (1974) and reference year (1985) are compared. As already mentioned out of 60 non-emigrant households surveyed 47 were Hindus, 8 Muslims and 5 Christian households. The survey results showed that the 60 control group households possessed 6320 cents of land in the base year and it decreased to 4958 cents in the reference year. Twenty two control group households reported the sale of their land mainly to incur expenditure on marriage of girls, to renew houses, to start business and in two cases on account of their unsuccessful attempt to secure a job in the Gulf Countries like their neighbours.

It is to be noted here that as evident from table 7.1 the economic condition of the non-emigrant households as reflected in asset structure was far better than the emigrant households in the base year. The average value of assets of the non-emigrant households was Rs.80437 compared to Rs.42227 in the case of emigrant households (see table 6.6). Though the nominal value of assets of non-emigrant households had risen to Rs.276565 in the reference year, actually their relative economic position has come down. Whereas the value of assets of emigrant households increased from Rs.42227 to Rs.641880 indicating a definite improvement.

It is interesting to compare the percentage increase in value of assets possessed by emigrant households and the control group (see tables 6.6 and 7.1). The increase in the value of land in the emigrant households were about 1318 percent whereas in the case of control group it was only 241.58 percent. Value of buildings increased more than 1271 percent for emigrant households and only 206 percent for non-emigrant households. In the case of jewellery and consumer durables the increase was more than 7932 percent and 4052 per cent respectively for the emigrant households. Whereas the corresponding increase for non-emigrant households is more than 645 and 373 per cent respectively.

It may be noted here that the All India Debt and Investment Survey conducted for the year 1981-82 showed that the average household value of total assets is substantially higher in Kerala (Rs.82518) than the all India average (Rs.37160)¹ (see table 7.2). The high liquidity due to inward remittances, the high density of population (655 per square kilometre according to 1981 census) and the lowest land man ratio in Kerala were responsible for the rise in the value of assets.

Housing Conditions and Consumer Durables

The housing condition of the non-emigrant households is presented in table 7.3. It is evident that some changes took place in their housing conditions between the base year

1. All India Debt and Investment Survey 1981-82, Reserve Bank of India Bulletin, June 1986

and reference year. It was not as dramatic as that of the emigrant households. the number of thatched roof decreased from 41 percent in the base year to one third of the total in the reference year. More than half of the (51.67%) households were having tiled roof in the base year which declined to 46.7 percent in the reference year. But partly tiled and partly terraced houses increased from 3 to 6. Terraced houses² increased from 1 to 6. It is to be noted here that there are 68.4 percent terraced houses among the sample emigrant households whereas the corresponding percentage of the control group is only 10.

The number and value of consumer durables possessed by the non-emigrant households are insignificant compared to the emigrant households. The value of consumer durables other than automobiles for emigrant households were Rs.19103.00 whereas the corresponding value for the control group is Rs.2415.00. Similarly automobiles accounted for Rs.12912.00 in the case of emigrant households whereas the corresponding value for the non-emigrant household is Rs.3375.00 (see tables 6.4 and 7.1). Details collected regarding the consumer durables possessed showed that the control group was not able to acquire either a

2. Among the terraced houses owned by the control group included one Muslim in Talikulam who constructed his house with total financial assistance from his in-laws employed in the Gulf. One Hindu household having yeilding coconut plantations for 2.5 acres and both husband and wife employed constructed their house more or less like the emigrants' style. Another Muslim household in Orumanayur engaged in flourishing travel agency service constructed a house in emigrants' style.

video set or an air conditioner. Only three households were able to acquire refrigerators which were not there in the base year. Three of the 'two-in-ones' possessed by the non-emigrant households were free gifts by their emigrant relatives.

Pattern of Income

Income of the non-emigrant households is shown in table 7.4. Agriculture and allied activities contributed more than 35 per cent of the reported income. Income from salaried employment contributed about one third whereas non agricultural enterprises contributed more than 26 per cent. Other sources accounted for 4.26 per cent. The average income reported by the control group for the reference year works out to Rs.8,560.

Consumption Expenditure

In the case of consumption pattern, food items account for more than 71 per cent of the consumption expenditure of the non-emigrant households (see table 7.5). In the case of emigrant households annual expenditure reported on medical care³ was Rs.2,706 per household (see table 6.9) whereas the corresponding figure for the non-emigrant household was Rs.531.50. The expenditure reported by the control group on medical care is less than one

3. It is to be noted here that despite the economic backwardness of the Kerala State the health development of the people is very much advanced and in many respect equated with the health development of the developed countries. A detailed analysis of this paradox is given by P.G.K. Paniker and C.R. Soman in a UN sponsored study. Health Status of Kerala: The Paradox of Economic Backwardness and Health Development Centre for Development Studies, Trivandrum (1984).

fifth of the amount spent by emigrant households. Clothing account for about ten per cent of the consumption expenditure of the non emigrant households. Twenty one households among the control group have reported that they used to receive substantial portion of their clothes from the emigrant relatives or neighbours. The data shows that the total expenditure per non-emigrant households on consumption is just half of that reported by the emigrant households. The difference between the amount spent by the emigrant and non-emigrant households on consumption can be attributed to a number of factors. Before emigration and consequent flow of remittances majority of the emigrant households food habits were restricted to mainly rice porridge and occasional meals hardly enough to survive. When remittances started to flow in they were comparatively liberal in their approach to consumption expenditure. Full meals were served for lunch and supper. Fish, egg, meat, fruits, etc. were consumed regularly by quite a number of emigrant households⁴. Items like Bournvita, Horlicks, which were formerly restricted to the urban elite households are now common in emigrant households and better of non-emigrant households. Festive occasions like Ramzan, Onam, etc. registers the substantial increase in the price of fish in emigrant pockets of Kerala.

Liabilities

Table 7.6 shows the outstanding debts of the non-emigrant households. Twenty six households (43.33%) reported outstanding

4. Agricultural Economics Research Centre, The Impact of Foreign Remittances on the Economy of a Rural Area in Kerala, unpublished, Madras (1981) p.110.

debts to the tune of Rs.60,500 the average amounts to Rs.2,326.92 for the indebted households. Eight of the households borrowed from institutional sources are availing the facility offered by the Government's poverty alleviation programme of the Integrated Rural Development (IRDP). Another noteworthy aspect of the purpose for which the debts are involved is eight households of the control group borrowed for household consumption itself. The above details indicate that majority of the non-emigrant households experience the adverse impact of the inward remittances⁵.

Impact on the Economy of Kerala

We have estimated the quantum of remittances to the state for the year 1984-85 as Rs.722.4 crores. According to the State Planning Board income for the year 1984-85 is estimated to be Rs.5,637 crores⁶. Hence the estimated remittances from abroad is about 13 per cent of the state's income. Gulati and Mody have estimated district wise break-up of remittances. Their estimate showed that for the year 1979-80 remittances were more than half (52 per cent) of the net domestic product of Malappuram district. Remittances were about 42 per cent of the net domestic product of Trichur district. But the amount remitted to Trichur district was the highest among all the districts of Kerala⁷ (see table 7.7).

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5. More details are analysed in the following discussion.
 6. Government of Kerala, Economic Review 1986, Kerala State Planning Board, Trivandrum, p.7.
 7. I.S. Gulati and Ashoka Mody, Remittances of Indian Migrants to the Middle East: An Assessment with Special Reference to Migrants from Kerala State working paper 182, Centre For Development Studies, Trivandrum (1983) p.71.

Prices and Wages

It is a common experience that when the income level of a particular group of people rises their expenditure also rises which in turn raises the price level. This has been well exemplified in the emigrant pockets particularly in the case of land value. We have already seen the abnormal rise in the price of land. Almost all studies conducted about Gulf emigration from Kerala are unanimous in their view that it has contributed to a general increase in the price of land.⁸.

The demand for house construction that followed large scale emigration to the Gulf countries from Kerala raised the cost of construction. There was continuous increase in the prices of local construction materials and wages of construction workers.⁹ It is estimated by Prakash that price of locally manufactured bricks increased by 60 per cent and that of river sand by 66 per cent within a short period of four years ¹⁰.

Increased demand for building sites and the lowest land-man-ratio of the state resulted in the levelling up of the low lying lands. Most of the paddy fields were converted into coconut plantations and housing sites especially in emigrant pockets.

8. For instance, see C. Radhakrishnan and P. Ibrahim, "Emigration, Inward Remittance and Economic Development" Manpower Journal January-March 1981.

9. Since a number of construction workers like masons and carpenters also emigrated to the Gulf the construction boom that followed in Kerala have to face the dearth of construction workers which in turn pushed up their wages.

10. B.A. Prakash, "Impact of Foreign Remittances: A Case Study of Chowghat Village", Economic and Political Weekly July 8, 1978.

Many of the emigrant household members who were formerly agricultural labourers abstained from agricultural work since their economic conditions improved a lot. The study conducted by K.V. Joseph concluded that Gulf remittances are responsible for increasing the level of wages in Kerala. The study further observed that Malappuram district which is the most backward district in terms of per capita income and which is having a substantial number of persons employed abroad recorded the highest growth rate in wages¹¹.

It is often observed that despite the swelling army of unemployed especially among the educated, the number of persons willing to take up agricultural work was dwindling. Moreover, educated people in Kerala are generally averse to manual work¹² as they are more after white collar jobs¹³.

Consumer Boom

We have seen that majority of the emigrant households were poor before emigration. Lower income groups that achieved new levels of affluence naturally engaged themselves in conspicuous consumption. Emigrants exposure to the living habits of other nationals in the migrant country also accelerated the process of

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11. K.V. Joseph 'Gulf Money and Agricultural Wages', Mathrubhumi Weekly (Malayalam) February 5-11, 1984.
 12. P.K. Gopalakrishnan, 'Ten Year Programme For The Development of Kerala' Mathrubhumi (Malayalam), May 8, 1987.
 13. It is a paradox that when the educated is out of the state they are ready to do any job.

acquiring different varieties of consumer durables. The leading firms (especially Japanese) engaged in the production of consumer items resorted to sales promotion by advertising even in local Malayalam media for influencing the members of the emigrants' family.

Shops even in rural areas of Kerala especially in emigrant pockets selling a number of consumer items which were formerly restricted to metropolitan cities and other urban areas. In many a household the purchase of a transistor was thought to be beyond their reach in late 60s. Now emigrant households are flooded with consumer durables like refrigerators, two-in-ones, televisions, washing machines, etc. The consumption boom initiated by the emigrant households gradually crept into the better off non-emigrant households as well. This in turn provided a ready market for the foreign made goods either brought by the emigrants on their return or by the smugglers. Apart from foreign remittances high income from commercial crops added to the expanding consumer market in Kerala¹⁴.

Not only the foreign made items but also the home made consumer items find an expanding market in Kerala. The per capita consumption of non-food consumer items like, toileteries, superfine clothe, cigarettes, medicines, building materials, Indian made foreign liquors, etc. is very high in the state¹⁵.

14. P.K. Gopalakrishnan, 'Ten Year Programme for the Development of Kerala', Mathrubhumi (Malayalam), May 7, 1987.

15. P.K. Gopalakrishnan, "Socio-Political Factors Affecting Kerala's Economy", Southern Economist, July 1, 1986.

Reports indicate that Kerala accounts for about 25 per cent of the national sale of cosmetics and nearly 15 per cent of cigarettes¹⁶. The firms producing these items especially cosmetics give top priority to Kerala in intensive sale promotion activities like advertising in local media and screening slides in almost all cinema theatres in Kerala. The impact of these activities is reflected in the sales tax earnings of the Kerala State Government. The per capita sales tax revenue which was only 37 per cent of the total per capita tax revenue in 1957-58 rose to about 63 per cent in 1984-85¹⁷.

The state produce very few goods for its consumption. In the absence of increased production within the state the increased demand for goods is met by inflow of goods from other states of India and from abroad. The remaining component is met by a rise in prices¹⁸. The sectoral contribution of net domestic product in Kerala shows the poor contribution of the manufacturing sector. Another peculiar feature is the rapidly increasing

16. "Kerala Economy at Cross Roads", The Economic Times, March 21, 1985.

17. T. Edwin, 'Insight into Tax Structure of Kerala' Southern Economist July 1, 1986.

18. P.V. Rajeev, "Impact of Gulf Money on the Kerala Economy", Yojana, June 1, 1980.

contribution of tertiary sector in Kerala's domestic product¹⁹. The need to activate the industrial sector cannot be over emphasised in this context.

Impact on the Society

Voice of Islam has observed the social impact of Gulf emigration as "the economic betterment and the latent optimism opened the eyes to the facts of thatched buildings turning to terraced mansions, the hues and cries of starving children turning to the perennial music of radios and tape recorders, the nasty smell of unhygienic surroundings turning to the soothing fragrance of springs"²⁰.

We have already seen the preponderance of minority communities like Muslims, Christians and backward communities like Ezhavas in the emigration stream from the state. Caste Hindus like Brahmins and Nairs who occupy a high place in the social hierarchy is less significant among emigrants to Gulf countries²¹. This has vital political implications in a state where most of the political parties are determined 'to protect'

19. See P.L. Sreedevi "State Income of Kerala - An Analysis", Southern Economist July 1, 1986 and also Government of Kerala, Economic Review 1986, State Planning Board Trivandrum pp. 7.8.

20. "Problems of Indian Emigration to West Asia" Voice of Islam January 15, 1980, p.10.

21. Commerce Research Bureau, 'Inward Remittances in Kerala' Commerce December 9, 1978.

the interest of the community which they represent and where coalition governments are found to be feasible.²².

The abnormally high expenditure incurred on medical care by the emigrant households necessitated further study. Our attempt in this direction revealed that generally members of the emigrant households are more concerned about their health. Moreover, the use of modern devices for household work social status attributed to not doing manual work in rural areas, shift in the food habits to more fats and starch resulted in the hike of medical expenditure. Treatment habits of the people witnessed a dramatic change. Most of them prefer to go to specialists or other famous doctors at distant places²³. They go either in their own cars or hired vehicles. Even for small ailments they prefer to get admitted in nursing homes²⁴. Gynaecologists reported that women prefer to get admitted in nursing homes even months before the date of delivery²⁵. In order to get special attention

22. See P. John John, Coalition Government in Kerala, Trivandrum (1983).

23. In Talikulam an house-wife reported that her emigrant husband was very particular to consult a famous paediatrician of a private hospital in Ernakulam to their only baby who was apparently very healthy. She used to take him every fortnight to the hospital accompanied by one or two family members usually in a hired car involving much expenditure.

24. Agricultural Economics Research Centre, The Impact of Foreign Remittances on the Economy of a Rural Area in Kerala, unpublished Madras (1981) p. 98.

25. In some cases the emigrant himself took initiative to get his wife admitted even in the third month of pregnancy. After that the entire family is shifted to the hospital and stays there till the delivery is over and they are discharged. See "Return From the Dream Land-5" Malayala Manorama December 27, 1986.

emigrant families used to present even foreign made consumer durables to attending doctors besides money. This tendency has adversely affected the non-emigrant households which have only meagre incomes.

The growth of medical institutions especially in the private sector can be attributed to the inflow of remittances from Gulf countries. Report of the high level committee on Social Infrastructure and Service by the State Planning Board has observed that among allopathic institutions there is almost equal number of institutions in the private sector as in the government sector²⁶ (see table 7.8). The private institutions generally charged very high fees under different heads²⁷. This tendency has produced two adverse consequences. Firstly, the cost of medical treatment increased substantially. It has added fuel to the corrupt practices followed in government hospitals.

Doctors complaint that quick recovery is more important from the view point of the patient inspite of a side effects of comparatively heavy dose of undesirable drugs. According to the

26. Government of Kerala, Report of the High Level Committee on Social Infrastructure and Services, State Planning Board, Trivandrum (1984) p. 69.

27. The different heads are room rent, electricity, water, nursing charges, routine consultation, additional consultation and other special facilities and services. In some hospitals the operation charges are highly progressive according to the bed that the patient occupies (like that of common ward and different types of pay wards).

report released by the 39th congress of the World Health Organisation only 200 formulations of drugs are essential whereas about 45000 formulations are available in the market. Most of them are reported to be harmful to health²⁸.

Although there is no official statistics available with regard to the state wise sale of the drugs some reports indicate that 25 per cent of the drugs are sold in the state of Kerala itself²⁹. To put it differently less than four per cent of the population consumes one fourth of the total drugs sold in our country with all the undesirable effects pointed out by experts.

It is to be noted that physical quality life index is prepared on the basis of infant mortality rate, literacy rate, life expectancy at birth, etc. Judged from this view point Kerala is on a par with some of the western countries in the matter of physical quality of life.³⁰

Suzanne Paine has observed that the rate of population growth may tend to fall if migrant workers leave their wives at home or may show little change if the migrants visit to home is frequent³¹. R.S. Kurup has observed that in the case of Kerala

28. "WHO Flays production of Superfluous Drugs", The Economic Times, May 15, 1986.

29. According to an article published in a Malayalam periodical; Prashanthan, "Drugs May Danger Lives" VAKKU May-June 1986.

30. P.V. Rajeev, Economic Development and Unemployment (Relevance of Kerala Model) Asian Publication Service (1983) p.11.

31. Suzanne Paine, Exporting Workers - The Turkish Case, Cambridge (1974) p.39.

migration (both within India and abroad) has reduced to population growth rate by nearly 0.4 per cent while the natural increase rate was 2.1 per cent³². Moreover, Kerala is the only state where sex ratio is high (1034 females for 1000 males according to 1981 census). Here again Trichur district is in the forefront with a sex ratio of 1100 (1108 in rural areas and 1070 in urban areas). Among the different taluks of the state Chowghat taluk of Trichur district, which form our study area records the highest sex ratio of 1182 females for 1000 males³³.

Impact on Dowry

The practice of dowry differs from religion to religion and from caste to caste. Our attempt during the field survey to collect details regarding dowry payments met with limited success. The details of 47 emigrant households were selected for final study in this regard since the persons who helped during the survey and who were well acquainted with the affairs of these households. The households reported 42 marriages within a period of five years (1980-85). In these marriages dowry in the form of gold ranged between 260 grams to 1600 grams. The average gold involved in these marriages worked out to be 390 grams. Dowry in the form of liquid cash other durables including automobiles, etc. ranged between Rs.5,000 and Rs. 1,75,000. The average of

32. R.S. Kurup "Population Growth in Kerala", Southern Economist, July 1, 1986.

33. Director of Census Operations Kerala, Census of India 1981, Series 10 Kerala, Paper 3 of 1981, Final Population Totals Controller of Publications, Delhi(1982) pp 25-26.

which worked out to be Rs.20,500. The cost of marriage ceremony including lunch/reception/and conveyance ranged between Rs.3000 and Rs.18,000. The average cost of marriage ceremony worked out to be Rs.6,325. The reported average cost of marriage in the emigrant households amounts to Rs.1,00,925. But in the case of non-emigrant households for which the particulars for the corresponding period are worked out the average cost amount to Rs.23,950. That means the average cost of marriage in an emigrant household is four times higher than in a non-migrant household. Non-emigrant households were more or less unanimous in their opinion that the remittances have pushed up the cost of dowry in the society³⁴.

It is to be noted here that the report on the survey of household savings and investments in Kerala 1977-78 has shown that one of the main motives for saving by the households was to meet the cost of dowry³⁵. In the preface the study has cautiously observed that since the survey there might have occurred substantial changes in the household savings due to the large scale boom in inward remittances from abroad³⁶.

34. Some households belonging to Nair community reported that traditionally they were not much particular about the quantity of ornaments for a bride. But now many of them started to evaluate the affluence based on the quantity of ornaments and other related matters.

35. Government of Kerala, Report on the Survey of Household Savings and Investments in Kerala 1977-78 State Planning Board, Trivandrum (1981) p.24.

36. ibid p iii

Increased Responsibilities of Women

In emigrant households as a result of male migration the responsibilities of females have increased. In the absence of their husbands schooling of children seems to have become almost altogether the responsibility of wives left behind. As we have seen already (see Chapter IV) majority of the emigrants are not having higher education. So they are very much particular about providing all the facilities for educating their children the burden of which invariably falls on the wives left home³⁷.

Women from traditional and conservative households started coming out of their shell. They have to operate their bank accounts independently. Since majority of them are Muslims with comparatively less education and hailing from conservative orthodox rural areas they found it very difficult to take active interest in the domestic problems like management of their property³⁸.

On his trip back home once in every one or two years each emigrant comes laden with gifts and gadgets. Some of these are kept by the family while the rest is sold at good profit. Emigrants may not get enough time to sell the goods as they come for short periods. So the responsibility for sale of such items

37. Leela Gulati, Impact of Male Migration to the Middle East on the Family: Some Evidence from Kerala, Working paper 176, Centre for Development Studies, Trivandrum (1983) p.28.

38. ibid p.25.

naturally falls on females or other members of the family. Although there are local agents to conduct such transactions women have to be extra careful against undue exploitation³⁹.

Psychological Impacts

In analysing the psychological impacts of emigration reliance is made heavily on the discussions held with leading psychiatrists and social workers and earlier studies. The nature of the problem is described below.

Kerala has the dubious distinction of having the highest incidence of mental disorders apart from topping the list for bed occupancy rates with seven patients for a bed a year. The problem of mental disturbances has been found to be especially acute in the emigrant pockets of the state. Raj Chengappa reported that half of the neurosis cases is reported from emigrant households⁴⁰.

Gulf Syndrome

The psychological problems associated with Gulf emigration are often mentioned as the 'Gulf Syndrome'. An immediate problem that arises in the family from the departure of the migrant particularly in cases in which the persons who migrate is the head or the main earning member of the household is that of alternative arrangement for running the affairs of the households

39. ibid p.27

40. Raj Chengappa, 'The Mental Gulf' India Today, September 15, 1982.

for managing its business if any and for management of the household finances. During the absence of the migrants, the responsibility of managing the affairs of the households falls on their spouses, parents, relatives and close friends⁴¹.

Discussion with the leading Psychiatrists of Trichur district has shown that most of the victims of mental disorders are the wives of emigrants who are left behind and who hail from the less educated Muslim households. Incompatibility with their in-laws is the primary reason for mental disorders in most of these cases. Married girls who stay with their parents have fewer psychological problems than those who have to stay with their in-laws. When they live with their husband's family possibilities of conflict are greater. Sharing of remittances sent by the emigrants are a major cause of conflict. Parents may feel that their hold in the management of family has diminished drastically since the marriage of their sons. Women from migrant households have been found to be taking more and more interest in the supervision of land transactions and house construction activities that are common to emigrant households. This involves dealing with menfolk outside the family circle which excites jealousy and suspicion of orthodox men. Even not so young wives face the danger of their chastity being questioned the moment

41. P.R. Gopinathan Nair, Asian Migration to the Arab World, Migration from Kerala (India), Centre for Development Studies, Trivandrum (1986) p.83.

they start taking active interest in the management of the household finances and other affairs, particularly when it involves dealings with men⁴².

Another factor that contribute to the mental disorder is the typical 'Gulf marriage' itself. Workers in Gulf coming on leave marry in haste. They have only very short honey-moon periods hardly enough to know each other, as the migrants have to leave for their work. Prolonged post-marital seperation coupled with the circulation of mushrooming magazines full of trash materials published in Malayalam has led to deviant sexual behaviour by both partners ending in guilt and tension. Seperation has also fuelled suspicions of the partners fidelity.

Another psychological problem is with regard to the children of the emigrant households. Mothers who have to look after the children are finding it difficult to control them in the absence of supporting fathers. Some of these children, having better access to money grow up to be delinquents and drug addicts.⁴³.

The income disparity between brothers (the migrant brother and his non-migrant counterpart) has often led to psychological problems to the non-migrants. Families that enjoyed social

42. Leela Gulati, Impact of Male Migration to the Middle East on the Family: Some Evidence from Kerala, Working paper 176, Centre for Development Studies, Trivandrum (1983) p.32.

43. Raj Chengappa, 'The Mental Gulf' India Today, September 15, 1982.

respects formerly are now witnessing an erosion in their influence, whereas families which were till recently looked down upon are now getting increased social attention.⁴⁴

The dwindling opportunities in the Gulf labour market recently has added a new dimension to the 'Gulf Syndrome'. Psychiatric illness tends to manifest itself in Gulf male repatriates between the age group of 25 and 35 in the form of acute introversion, lack of zest, withdrawal from social contact and loss of libido. These patients blame themselves for the mess they find themselves in and tend to compare themselves with other Gulf migrants who have invested wisely or are better off⁴⁵.

44. P.R. Gopinathan Nair, Asian Migration to the Middle East: Emigration from India, Working paper No. 180, Center for Development Studies, Trivandrum (1983) p.90.

45. Venu Menon, 'Exodus?', The Illustrated Weekly of India, May 4, 1986.

Table 7.1 CHANGE IN ASSETS OF NON EMIGRANT HOUSEHOLDS (IN Rs.)

	Base Year	Reference Year	Percentage increase in nominal value
Land	53680 (66.74)	183360 (66.30)	241.58
Buildings	22185 (27.58)	67910 (24.55)	206.11
Jewellery	2320 (2.88)	17290 (6.25)	645.26
Automobiles	617 (0.77)	3375 (1.22)	447.00
Other durables	510 (0.63)	2415 (0.87)	373.53
Other assets	1125 (1.40)	2215 (0.80)	96.89
TOTAL	80437	276565	243.83

Figures in parenthesis denote percentages

Source: Sample survey.

Table 7.2 AVERAGE VALUE OF TOTAL ASSETS PER HOUSEHOLD ALL INDIA AND STATE 1981-82

States	Rural Household	Urban Household	All Household
Andhra Pradesh	26247	31702	27444
Assam	20503	32279	21724
Bihar	32347	35494	32736
Gujarat	36876	42881	38781
Haryana	90950	59342	82784
Himachal Pradesh	62588	53469	61671
Jammu & Kashmir	59001	83639	63827
Karnataka	33052	42251	35472
<u>Kerala</u>	<u>76479</u>	<u>111548</u>	<u>82518</u>
Madhya Pradesh	29725	27394	29209
Maharashtra	35077	42478	37601
Orissa	17630	21348	18127
Punjab	96631	54822	85204
Rajasthan	40888	39806	40654
Tamil Nadu	19520	33594	24212
Uttar Pradesh	44660	37826	43339
West Bengal	20710	28264	22919
All India	36090	40573	37160

SOURCE: "All India Debt and Investment Survey 1981-82" Reserve Bank of India Bulletin June 1986, p. 439.

Table 7.3 HOUSING CONDITIONS OF NON-EMIGRANT HOUSEHOLDS (CONTROL GROUP)

	<u>BASE YEAR</u>		<u>REFERENCE YEAR</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
A. <u>ROOFING</u>				
Thatched	25	41.67	20	33.33
Tiled	31	51.67	28	46.67
Tiled & Terraced	3	5.00	6	10.00
Terraced	1	1.66	6	10.00
B. <u>FLOORING</u>				
Mud	23	38.33	13	21.67
Cement	36	60.00	35	58.33
Cement & Mosaic	1	1.67	8	13.33
Mosaic	-	-	4	6.67
C. <u>STOREYS</u>				
Single storeyed	41	68.33	38	63.33
Double storeyed	19	31.67	22	36.67
D. <u>ELECTRIFICATION</u>				
Electrified	19	31.67	43	71.66
Not electrified	41	68.33	17	28.33

SOURCE: Sample Survey.

Table 7.4 INCOME PATTERN OF NON-EMIGRANT HOUSEHOLDS

Source	Amount	Percentage
Agriculture & allied activities	3070	35.86
Non-agricultural enterprises	2300	26.87
Salaried employment	2825	33.00
Others	365	4.26
Total	8560	100.00

SOURCE: Sample Survey.

Table 7.5 CONSUMPTION EXPENDITURE OF NON-EMIGRANT HOUSEHOLDS

Item	Amount spent	Percentage
Food	7128.50	71.26
Clothing	1082.00	10.82
Medical care	531.50	5.31
Education	1067.00	10.67
Others	195.00	1.94
Total	10004.00	100.00

SOURCE: Sample Survey.

Table 7.6 OUTSTANDING DEBTS OF NON-EMIGRANT HOUSEHOLDS

Purpose	Institutional sources	Money lenders ^a	Friends and relatives
1	2	3	4
Construction of house	6000 (1)	-	-
Business	9000 (4)	-	-
Purchase of Automobiles	-	-	-
Marriage	8000 (3)	8500 (4)	12000 (3)
Household consumption		3000 (3)	7500 (5)
Agriculture development	6500 (3)	-	-

^a Money lenders include private financial enterprises often nicknamed as blade companies which charge abnormal interest rates.

Figures in brackets include numbers of households indebted eight of the households borrowed from institutional sources are under the Integrated Rural Development Programme (IRDP) of the government.

SOURCE: Sample Survey.

Table 7.7 DISTRICT-WISE DISTRIBUTION OF FOREIGN REMITTANCES AND STATES DOMESTIC PRODUCT 1979-80

(Rs.in million)

District	State domestic product	Remittances	$3/2 \times 100$
1	2	3	4
Trivandrum	282	60	21
Quilon	329	53	16
Alleppey	243	48	20
Kottayam	218	12	6
Idukki	135	0.8	0.6
Ernakulam	378	11	3
<u>Trichur</u>	255	<u>107</u>	<u>42</u>
Palghat	218	20	9
<u>Malappuram</u>	191	<u>99</u>	<u>52</u>
Kozhikode	302	49	16
Cannanore	323	70	22
Kerala	2874	529.8	18.4

SOURCE: I.S. Gulati & Ashoka Mody, Remittances of Indian Migrants to the Middle East: An assessment with special reference to migrants from Kerala State, Working Paper 182, Centre for Development Studies, Trivandrum (1983) p.71.

Table 7.8 DETAILS OF ALLOPATHIC MEDICAL INSTITUTIONS IN KERALA

District	No. of Govt. hospitals	No. of Pvt. hospitals	No. of Govt. beds	No. of Pvt. beds
Trivandrum	123	160	6055	3200
Quilon	145	150	2255	3600
Alleppey	132	110	4100	2000
Kottayam	105	100	2700	3500
Idukki	61	25	350	250
Ernakulam	135	210	3225	6025
Trichur	133	80	4000	2050
Palghat	121	70	1640	600
Malappuram	116	40	1020	500
Kozhikode	121	70	4240	2300
Cannanore	161	138	2512	2741
Kerala	1353	1153	32097	26766

* Separate data for the newly formed districts of Wynad, Pathanamthitta and Kazargod are not available.

SOURCE: Government of Kerala, Report of the High Level Committee on Social Infrastructure and Services, State Planning Board, Trivandrum (1984) p. 69.

CHAPTER - VIII
INVESTMENT PROSPECTS

This chapter does not present an indepth analysis of the problems involved in the industrialisation of Kerala. It mainly deals with the measures taken so far to track the non-resident investment in industrial ventures and some of the problems involved in it.

Ever since the publication of the United Nation's Sponsored Study¹ Poverty Unemployment and Development Policy: A Case Study of Selected Issues with Particular Reference to Kerala, by the Centre for Development Studies, Trivandrum the Kerala Economy has become the focus of attention and discussion by academicians and policy makers through out the world.² With an area of 38.9 thousand square kilometers and a population at the time of 1981 census of 25.4 million Kerala is one of the most densely populated regions in the developing world. Its per capita income is low but its rate of literacy is high and it is the only state with a high sex-ratio in the country.

The predominantly cash crop economy of Kerala has near monopoly in the production of coconut, rubber, arecanut, cardamom, pepper, lemon grass oil and the like. In education,

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1. See Centre For Development Studies, Poverty Unemployment and Development Policy: A Case Study of Selected Issues with Particular Reference to Kerala Orient Longman, Madras (1975)
 2. M. Mohandas "The Kerala Model: Its Relevance to Economic Growth and Public Health". The Economic Times, November 16, 1983.

health services, banking facilities and road mileage Kerala stands head and shoulders above the rest of the country. In forests and fish resources she is unrivalled.³

According to the latest Economic Review (1986) published by the State Planning Board the per capita income of Kerala in the year 1985-86 is less at both current and constant prices than the national average. At constant prices (1970-71 prices) the per capita income of Kerala for the year 1985-86 is Rs.614 compared to the national average of Rs.798, whereas at current prices the per capita income is Rs.2287 for Kerala and Rs.2596 for India as a whole in the same year.

The contribution of industrial sector to the state domestic product has remained below the national average (see Table 8.1). While secondary sector contributes about 18 per cent of the net domestic product of 1985-86 for Kerala (at 70-71 prices) the corresponding national average is 21.3 per cent. In the case of community and personal services the contribution of the state is higher 18.8 per cent compared to the national average of 15.0 per cent. Similarly the tertiary sector altogether contributes 43 per cent of the net domestic product of 1985-86 for Kerala (at 70-71 prices) whereas the corresponding share for India as a

3. M.A. Dommen (Ed.) Kerala Economy Since Independence Oxford & IBH, New Delhi (1979) p.iii.

whole is 41 per cent. In the case of index of industrial production also the national index is higher than that of the state of Kerala (see table B.2).

Causes of the Industrial Backwardness of the State

According to the reports of the High Level Committee on Industry by the State Planning Board the level of private investment in Kerala is very low. Private sector accounts for less than one third (32.6%) of the total investment of large and medium scale industries in Kerala. The central sector accounts for more than half (52.6%) of the investment whereas the state sector accounts for only 12.1 per cent and the joint sector and co-operative sector accounts for 1.5 per cent and 1.2 per cent respectively.⁴ Reasons attributed for this by Subramanian and Mohanan Pillai are lack of industrial infrastructure investment under colonial policy and export-base approach to regional development during the post-independence period. The pattern of development diverted private investment into relatively quick return activities related to plantation, contracts for public welfare programs, financial enterprises and commerce at the cost

4. Government of Kerala, Report of High Level Committee on Industry, Trade and Power, Vol. 1. State Planning Board, Trivandrum (1984) p.92.

of industrial activities. The emerging industrial structure accentuated by the poor availability of industrial minerals, was too lop-sided to ensure inter-sectoral linkages and agglomeration economies for the over all industrial progress.⁵

Since most of these disadvantages still persist in Kerala, industrialisation of the state will greatly depend on public sector investment. Public sector investment in turn largely depends on the performance of the public sector undertakings. According to the latest Economic Review (1986) published by the State Planning Board, out of the 82 state owned public sector undertakings 57 have made losses totalling Rs.126 crore for the year 1985-86. This is in sharp contrast to the seven profit making undertakings out of ten (the 11th has not reported its performance) in the central sector.⁶ The poor performance of the state's public sector units is attributed by experts to the fact that political intervention in appointments almost at all levels has done more harm than good to the public sector undertakings.⁷ The state public sector has been used to give

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5. K.K. Subramanian and P. Mohanan Pillai, Keralas Industrial Backwardness: An Explanation of Alternative Hypotheses, Working Paper 210, Centre for Development Studies Trivandrum (1985), p.46.
 6. Kerala: Growing Food Defecit, Economic and Political Weekly, May 2, 1987.
 7. V. Gandadharan Pillai, The Public Sector in Kerala: Administrative Problems, The Kerala Academy of Political Science, Trivandrum (1980) p.181.

shelter to discredited politicians who could not gain a berth in the state government.⁸

Integrated planning with technical coordination between industrial units, modernisation, diversification, scientific professional management and active labour participation in management are the measures suggested to improve the performance of the public sector.⁹

Non Resident Indians and Industrial Development

According to the study conducted by Dharmendra Bhandari about Rs.25000 crores of foreign exchange earnings of rural and semi urban non-resident Indians were squandered in the past 12 years in unproductive channels.¹⁰ It will not be an exaggeration to assume that at least Rs.10,000 crores worth of foreign exchange and foreign made consumer durables might have flowed to the small state of Kerala since 1970 as emigrants' remittances.¹¹ We

8. P.K. Gopalakrishnan, Ten years program for Kerala's development - 2, Mathrubhumi, (Malayalam), May 7, 1987
9. P. Mohanan Pillai, "Public Sector Industries in Kerala", Deshabhimani Industrial Special 1985 (Malayalam) and Puk Namboothiri, "Industrialisation: What Keraka Can Do?", Industrial And Management Review No.VII, 1987.
10. "Rupees 25000 Crores - NRI Funds Squandered Away" Indian Express, June 17, 1987.
11. According to I.S. Gulati the annual remittances to Kerala from Gulf countries alone amounts to Rs. 1000 crores. See I.S. Gulati, "Resource Mobilisation and Investment Prospects in Kerala" Chintha May Day Special 1987 (Malayalam). Whereas M.A. Dommen has observed that between 1970 and 1985 Rs.9000 crores might have received by Kerala State from emigrant remittances. See M.A. Dommen, "A Review of Kerala's Development", Mathruboomi Weekly (Malayalam), June 14-20, 1987.

have already seen that the major portion of the remittances are used in conspicuous consumption, purchase of land, building of houses, payment of dowry and in meeting other social obligations. More or less the same tendency is visible in other labour exporting countries like Pakistan, Bangladesh, Sri Lanka and Philippines.¹²

If 10 to 15 per cent of the total remittances flowing into Kerala from abroad were properly utilised for the much needed industrialisation of the state it could have given substantial relief to the worsening problems of unemployment and economic backwardness of the state.

Facilities for Non-Resident Indians

In India well knit institutional framework exists to finance industrial and allied activities. The financial institutions can be grouped into two broad categories, i.e. (a) all India financial institutions - they are Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Industrial Credit and Investment Corporation of India (ICICI), Industrial Reconstruction Bank of India (IRBI), and investment institutions which join financial institutions in extending financial assistance viz, Unit Trust of India (UTI), Life

12. Osman H. Chowdhury "Labour Migration to the Middle East An Asian Perspective", The Asian Economic Review, April 1986.

Insurance Corporation of India (LIC), and General Insurance Corporation of India (GIC), and (b) State level financial institutions, i.e., State Financial Corporations (SFC's) and State Industrial Development Corporations (SIDC's). Commercial banks whose main activity is to provide working capital finance to industry also join all India and State level institutions in providing term loans to industrial units.¹³

Industrial Development Bank of India (IDBI)

Industrial Development Bank of India as the principal financial institution co-ordinating the activities of all development financing institutions in the country (numbering over 50) and also provides term finance for industry in conformity with national priorities. Consistent with this role IDBI caters to the requirements of all viable industrial projects which would contribute to the planned and orderly growth of the economy. All industrial concerns irrespective of their size or constitution are eligible for financial assistance from IDBI. However, as a matter of policy IDBI normally extends direct assistance only to public limited companies (in the private, public or joint sectors) and co-operative societies.

13. IDBI, Institutional Finance For Non-Resident Indians IDBI, Bombay, (1986), p.1.

In order to ensure quicker flow of assistance and cater to the needs of small, medium and large enterprises, IDBI has developed a decentralized financial infrastructure as also a consortium arrangement with other all India financial institutions. Presently, projects costing upto Rs. 3 crores are provided assistance by IDBI by way of refinance through state level financial institutions or commercial/co-operative/rural banks.

While project cost range of Rs.3 to 5 crores are financed by other all India financial institutions, those costing more than Rs.5 cores (Rs. 3 crores in North Eastern region) are provided direct assistance by IDBI under its project finance scheme. These projects are generally assisted on consortium basis with other all India financial institutions like IFCI, ICICI, LIC, GIC, UTI and IRBI. Commercial banks also participate in financing projects costing over Rs.7.5 crores.¹⁴

IDBI provides financial assistance to all viable projects which are in conformity with national priorities laid down by the Central Government. Special preference is given to projects which are:

14. IDBI, Institutional Finance For Non-Resident Indians: Guidelines For Preparations of Project Feasibility Report NRI cell IDBI (1986), p.7

- (1) Employment Oriented and labour intensive.
- (2) Export-oriented.
- (3) Import substitute.
- (4) Located in backward or less developed areas.
- (5) Promoted by new entrepreneurs.
- (6) Based on indigenous technology.
- (7) Aimed at energy saving and pollution control¹⁵

The total amount of assistance sanctioned by the all India financial institutions upto March 1981 to Kerala forms only 3.2 percent of the National Aggregate and the per capita assistance account for only Rs.100 for the state as a whole.¹⁶

Kerala State Industrial Development Corporation (KSIDC)

The Kerala State Industrial Development Corporation was started in the year 1961 by the Government of Kerala. KSIDC is involved in the promotion of medium and large scale industries. It is taking up promotional functions like obtaining of letters of intent and industrial licences, identification of industrial projects, arranging technical collaborations, securing institutional finance, land other infrastructural facilities, participation in management, selection and training of personnel

15. Ibid, pp 8-9

16. IDBI, Operational Statistics 1980-81, Industrial Development Bank of India, Bombay (1983).

and exploration of minerals. It also provides financial assistance by way of direct participation in share capital, underwriting of shares, granting of term loans, furnishing of guarantees, etc. It also undertakes techno-economic studies and surveys of natural resources in collaboration with other institutions in the field.¹⁷

Non-resident Indians have been identified as a major investment segment by KSIDC. With the help of two consultancy groups it identified 100 investment opportunities in the medium and large scale sectors for which project profiles were prepared. The profiles were made available to a large number of NRIs for their consideration. This effort was concentrated in the Gulf region through individual contacts and the Indian Investment Centre (IIC), Abu Dhabi.¹⁸

In November, 1984 a two member expert team from KSIDC visited Gulf countries of Qatar, United Arab Emirates, Saudi Arabia and Sulatanate of Oman. The purpose of the visit was

- 1) To outline the assistance that KSIDC can provide in setting up industrial units in Kerala.
- 2) To discuss project possibilities with the interested entrepreneurs.

17. K.C. Sankaranarayanan and V. Karunakaran, Kerala Economy, Oxford and IBH, New Delhi, (1985), p.164.

18. KSIDC, a note on NRI investment in Kerala

- 3) To outline the concept of an investment trust/investment company which can be set up to channelize small contributions from a large number of non-residents towards industrial activities in Kerala.¹⁹

General meetings of interested individuals were organised in important locations. The meetings in all cases were preceded and followed by personal discussions either individually or nuclear groups. During the visits KSIDC was able to sign 15 memoranda of understanding (MOU). As the first step of implementation of the program and the conduct of detailed economic studies, KSIDC took 13 different projects with 13 entrepreneurs which would involve total investment of Rs.18.60 crores and generate direct employment to 1200 persons. Many more projects are expected to be taken up in future.²⁰

Since 1982 KSIDC has signed 33 MOUs with NRIs for as many projects. Out of these

- 1) Four projects have been taken for implementation
- 2) One project has been implemented in the small scale sector.
- 3) Ten projects are under different stages of development
- 4) Others had to be dropped for various reasons.

19. KSIDC, activities on non-resident Indians.

20. Ibid.

More NRIs as well as those who have returned to Kerala for good from abroad have been in discussions with KSIDC and are in the process of choosing appropriate projects.

Some of the companies promoted or assisted by KSIDC did attract certain amount of NRI funds as a part of the public issue for which the officials of the companies had toured some of the Middle East Countries.

A committee to review the project involving non-resident Indians under the chairmanship of the Commissioner and Secretary to the Government of Kerala has been periodically meeting to monitor the progress of NRI projects.

Further the concept of Investment Trust/Company to be used to channalise non-resident funds towards industrial activities in Kerala was outlined both at the general meetings as well as during the private discussions. Canara Bank which has a significant presence in the Gulf countries has shown keen interest in associating on a formal basis with such an investment trust/company. The concept is also advocated by some individuals who took active participation in the discussions.²¹

21. Ibid.

Kerala Financial Corporation (KFC)

The Kerala Financial Corporation plays a significant role in the promotion of small and medium scale industries of the state.²² The main objective of the Corporation is to encourage, promote and aid the industrialisation of Kerala by providing long term loans to small and medium industrial units to start new industries and also to expand and diversify existing industries. The maximum amount of loan the KFC can advance to an industrial concern is Rs.30 lakhs. The Corporation also finances acquisition of trucks and busses, hotel industry, X-ray plants, etc. There are special schemes for technocrats and for scheduled caste and tribes.²³

In May 1986, KFC has announced certain new facilities for non-resident Indians. They are:

- 1) An NRI cell is to be formed at Trivandrum to cater to their needs. It will assist persons in all activities from the preparation of project reports to implementation of the project.
- 2) KFC will arrange entrepreneur development programmes subject to the availability of sufficient number of candidates and in this programme other inputs for managing enterprises would be provided.

22. S. Krishna Iyer, Economy of Kerala (Malayalam) State Institute of Languages Trivandrum (1975) p.733.

23. Government of Kerala, Report of the High Level Committee on Industry Trade and Power, Vol.1 State Planning Board, Trivandrum (1984) p.46.

- 3) Arrangements would be made to process and dispose of within 45 days loan applications made by NRIs.
- 4) A project monitoring committee will be formed to oversee and guide the implementation of projects.
- 5) The KFC will lease with the National Laboratories of India for the transfer of any technology needed by the entrepreneurs and will subsidise the cost of know-how and
- 6) KFC will take the lead in arranging for the working capital requirements of units through commercial basis.²⁴

It is to be noted here that during the year 1985-86 KFC has sanctioned loans of Rs.574.90 lakhs for 51 units promoted by persons who are or were non-resident Indians.²⁵

Overseas Development and Employment Promotion Consultant Limited
(ODEPC)

The Overseas Development and Employment Promotion Consultant Limited was started by the Government of Kerala in October 1977. The primary objective of the ODEPC is to recruit Keralites for employment abroad enabling them to escape from the clutches of unscrupulous mushrooming bogus recruiting agents of India.²⁶

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24. "KFC Facilities for Non-Resident Indians" Indian Express, June 1, 1986.
 25. Government of Kerala, Economic Review 1986, State Planning Board, Trivandrum (1987) p.59.
 26. "An Interview with the ODEPC Chairman" Gulf Voice (Malayalam), August 1979.

It also deals with the welfare of emigrants' family members left home. It has started a scheme in collaboration with the State Housing Board for helping to build houses for the emigrants of the state. It also intends to evolve a number of welfare measures for the emigrant Malayalees in collaboration with the agencies like Life Insurance Corporation (LIC) and Commercial Banks.

Besides these measures the ODEPC also initiated programmes to start industrial ventures with the share capital controlled by emigrants. As an added incentive it has decided that those emigrants who invest a specified minimum amount are entitled to nominate one person to the job that arises in the industry. The minimum amount fixed was Rs.30000.²⁷

Kerala Industrial and Technical Consultancy Organisation (KITCO)

The Kerala Industrial and Technical Consultancy Organisation was established in 1972 by the IDBI as its subsidiary with the objective of servicing mainly the technical consultancy needs of small and medium entrepreneurs particularly in the rural and backward regions and that of financial institutions and commercial banks for a systematic appraisal and post sanction monitoring of individual projects. KITCO is rendering various consultancy services to entrepreneurs - institutions - organisations by way of preparing project reports, sick unit study, revival reports, project monitoring, modernisation

27. For Non Resident Malayalees" Vyvasaya Keralam September 1981.

reports, working capital assessment reports, market survey reports, detailed engineering services, etc.²⁸

At the instance of the Government of Kerala in 1981 under the leadership of KITCO a study was conducted in Gulf Countries, viz. Iraq, Kuwait, Qatar, Sultanate of Oman, Bahrain, Saudi Arabia and the United Arab Emirates (UAE) with a view to enlarging the production base for export purposes and the entrepreneurial base for the industrial development for Kerala. The major findings of the study are summarised below.

(1) Investment Portfolios

All the emigrant Keralites admitted that they have invested their surpluses in liquidating debts, purchase of land, buildings, jewellery, in that order. Some with entrepreneurial qualities have diverted their money for setting up factories, small business and purchase of taxis. Those with high incomes have made considerable investments in hotels, cinema houses, shopping complexes and purchase of plantations and estates.²⁹

2) New Investment Opportunities

Some emigrants whose investments in real estate have reached an optimum level are on the look out for investment with better returns. Emigrants have started to take keen interest in subscribing to share capital especially convertible bonds.³⁰

28. Government of Kerala, Economic Review 1986 opcit p.59.

29. KITCO, Report on a survey in the Gulf Countries For Selected Products and Entrepreneurs (unpublished) KITCO (1981) P.22

30. Ibid PP 22-23.

3) Preference For Real Estate

Given the choice between investment in real estates, trading and manufacturing industry the emigrants preferred real estate business much more than trading or manufacturing industry. Investment in constructing hotels, cinema houses, shopping complexes and purchase of plantations can be considered as an extension of real estate business and not as a productive investment.

Next to real estate business the trading especially connected with export/import is preferred in view of the familiarity that the emigrants have, while working with the commercial companies in Gulf.³¹

4) Investment in Industries

The Kerala emigrants especially those who have reached an optimum point of investment in some of the real estates mentioned above are not aware of canalising their savings to developmental activities including industries. Such emigrants are not many and during the survey it was seen that the enterpreneurship spirit exists with emigrants who have been in the Gulf countries for periods ranging from three to five years and working in construction/industrial establishment and doing business.

31. *ibid*, p.24

Entrepreneurs And Their Projects

KITCO study has revealed that the response to questionnaire supplied to the emigrant Indians who wished to set up industries in Kerala was comparatively poor.

The data supplied by KITCO is summarised in table 8.3. Fifty two persons have reported their capacity to invest. The aggregate amount worked out to be Rs.263 lakhs. The average investment capacity of the reported persons worked out to be Rs.5.07 lakhs. More than 42 per cent reported their capacity to invest a sum less than Rs.2.5 lakhs. Only one person reported his ability to invest upto Rs.25 lakhs. More than 10 per cent reported their capacity to invest between Rs.10 lakhs and Rs.12.5 lakhs. More than 7 per cent reported their capacity to invest sums ranging from Rs.15 lakhs to Rs.17.5 lakhs. Forty two per cent of the respondents were undecided about the project to be proposed. Persons who decided about their proposed project gave high preference to hotels. Their number came to about one fifth of the total. With regard to the location of the hotels majority of them preferred Ernakulam followed by Trivandrum and Calicut. More than 10 per cent wished to start printing press. Only one person though not decided preferred to start a large industrial unit.

Foster Management

KITCO has evolved the concept of foster management for the benefit of persons working in the Middle East. The concept involves managing industrial units on behalf of those working in the Middle East. It requires identified projects to be implemented and managed with the funds provided by the investors as their investment and the loans obtained from financial institutions by a professional group organised as a 'Foster Management Cell' either at SIDECO, KSIDC or KITCO or jointly by these institutions. Units preferably in clusters in industrial estates in each district could be managed by managers drawn from a panel to be maintained by the foster management cell. Each unit could be located at an industrial estate suggested by the investor. The investor would have the option, when he returns from the Middle East to take over the Unit from the Foster Management Cell or possibly take back his investment.³²

It is to be noted that the response to Foster Management was not encouraging. More than 64 per cent was not willing to accept the proposal (see table 8.3). One eighth of the respondents like to know more about the foster management proposal. Only three persons (5.36%) out of 56 reported their willingness to accept the proposal. Another 5.36 per cent did not require the assistance of foster management cell.

32. ibid p.56

Suggestions by Emigrants

During our field survey in Chowghat Taluk views were collected from some of the emigrants who were on vacation from the gulf countries regarding the measures to canalise the remittances into productive channels. Some of the leading non-resident enterpreneurs of the state (other than those belonging to Trichur district) were also consulted. Altogether 52 persons views are summarised below:

- 1) Eighteen persons have some reservations about the restive labour of the state and they prefer to invest in neighbouring states.
- 2) Twenty two persons want some kind of security for their proposed investment.
- 3) Five respondents preferred the setting up of an office in the district head quarters with personnel capable of providing consultancy to emigrant households for training in wiser utilisation of their hard earned savings..
- 4) Four entrepreneurs who consulted the KSIDC and KFC are satisfied with the approach of KSIDC and KFC.
- 5) Two entrepreneurs are willing to take up some of the sick units of the industrial estates if proper assistance was given.

- 6) Majority of them (43) were of the view that industrialisation of the state is the only solution to the unemployment problem especially in the light of declining opportunities in the Gulf countries.
- 7) Thirteen were against the foster management concept. They pointed out that the same fate of states public sector undertakings like KSRTC would befall the foster management cell.
- 8) Four persons wanted complete liberalisation for the import of capital equipment.
- 9) Most of the persons (47) endorsed the idea to nominate persons for job in the proposed industrial unit promoted by them.

Need For Escort Services

As pointed out by the KITCO survey, the emigrants were particular to get some escort services for starting industrial ventures. The KITCO study has recommended the formation of non-resident escort service cells with KSIDC, KFC, SIDECO and KITCO providing the necessary financial and technical support depending upon the type of industries and investments desired by the emigrants. The cell in due course of time can be made a

nucleus for an overseas investment and settlement organisation which would not only provide investment opportunity guidance and escort services but would also collect resources for productive investments through bonds and shares in foreign currency and provide for settlement of the emigrants and their families during the time of their service and on their return, by way of setting up housing colonies, shopping complexes, educational institutions, etc.³³

It is also to be pointed out that among the number of Keralites employed abroad only a very small percentage have the financial strength and entrepreneurial/managerial capability to take up industries. Moreover, most of the NRIs from Kerala are salary earners with their typical perceptions of capital investments. They look for total security and for immediate return from the investment. Industrial investments do not normally fulfill those conditions. This would explain to a large extent why a lions share of NRI investments is finding its way into what are considered as safe investments like land, commercial buildings, hotels, etc.³⁴

33. Ibid p.30

34. KSIDC, A note on NRI Investment in Kerala.

We have already referred to the expanding consumer market in the state. If the state can exploit favourable factors like excess manpower, rich natural resources and the comparatively better labour relations reflected in recent years coupled with decentralised planning process,³⁵ modernisation of traditional industries, promotion of more and more rubber based industries within the state, and use of the extra skill acquired by some of the emigrants ("Technical know-how imported without royalty payment" as one respondent put it) and promotion of small scale industry,³⁶ the state can usher in an era of uninterrupted prosperity.

35. See K.N. Raj, et.al, Some Notes on Decentralised Development in Kerala, Working paper 106, Centre For Development Studies, Trivandrum (1980)

36. See S. Krishna Kumar, Small Scale Industries Development in Kerala (Malayalam) State Institute of Languages, Trivandrum (1982).

TABLE 8.1 SECTORAL CONTRIBUTION OF NET DOMESTIC PRODUCT OF KERALA AND INDIA (PERCENT) AT 70-71 PRICES

	K E R A L A					I N D I A				
	1970-71	1983-84	1984-85	1985-86	1970-71	1983-84	1984-85	1985-86		
1. Primary	49.3	37.4	39.5	39.0	50.1	40.9	39.1	37.7		
2. Secondary	16.3	19.9	18.0	18.0	19.7	20.6	21.0	21.3		
3. Transport comm- unication & Trade	17.7	19.1	18.9	18.9	15.8	18.9	19.2	19.4		
4. Finance & Real Estate	3.5	5.1	5.2	5.3	4.9	6.2	6.4	6.6		
5. Community & Per- sonal Services	13.2	18.5	18.4	18.8	9.5	13.4	14.3	15.0		
6. Tertiary (3+4+5)	34.4	42.7	42.5	43.0	30.2	38.5	39.9	41.0		

SOURCE: Government of Kerala, Economic Review - 1986, State Planning Board, Trivndrum, p.8.

TABLE 8.2 INDEX OF INDUSTRIAL PRODUCTION IN KERALA AND INDIA (BASE 1970-100)

Y E A R	K E R A L A	I N D I A
1975 - 76	122	123
1976 - 77	131	135
1977 - 78	139	140
1978 - 79	154	150
1979 - 80	161	148
1980 - 81	187	154
1981 - 82	181	167
1982 - 83	159	174
1983 - 84	139	183
1984 - 85	184	194

SOURCE: 1. Government of Kerala, Department of Economics and Statistics, Trivandrum
1956-85, (1986) p.13.

2. Government of India, Economic Survey 1979-80 to 1985-86,
 Controller of Publications, New Delhi.

TABLE 8.3 ENTREPRENEURIAL INTEREST AMONG GULF MALAYALEES

A. INVESTMENT CAPACITY IN LAKHS (RS.)

UPTO	2.5	2.5-5.0	5.0-7.5	7.5-10.0	10.0-12.5	12.5-15.0	15.0-17.5	17.5-20.0	20.0-22.5	22.5-25.0
	24	11	5	1	6	-	4	-	-	-
	(42.86)	(19.64)	(8.93)	(1.79)	(10.71)		(7.14)			

25.0 and above required As reported Not reported

1	3	1
(1.79)	(5.36)	(1.79)

B. PROJECTS PROPOSED

	HOTEL	PRINTING PRESS	FURNITURE	BUILDING MATERIALS	HOSPITAL	OTHERS	NOT DECIDED
11	6	3	2	1	9	24	(42.86)
(19.64)	(10.71)	(5.36)	(3.57)	(1.79)	(16.07)		

C. WILLINGNESS TO FOSTER MANAGEMENT CONCEPT

YES	NO	NOT REQUIRED	NOT DECIDED	NOT CONVINCED	LIKE TO KNOW MORE	OTHERS
3	36	3	2	1	7	4
(5.36)	(64.29)	(5.36)	(3.57)	(1.79)	(12.50)	(7.14)

Brackets denote percentage

SOURCE: KITCO - Report on A Survey in Gulf Countries For Selected Products and Entrepreneurs unpublished (1981) pp.859-860, 872-874, 891 and 899

CHAPTER - IX
PROBLEMS AND PROSPECTS

This chapter does not intend to present a detailed analysis of the unemployment problem of the state. It only examines the role of emigration in reducing unemployment in the state.

The Unemployment Problem in Kerala

Unemployment is the most serious social problem threatening the country in general and Kerala in particular.¹ Unemployment in Kerala as in the rest of the country does not lend itself to any meaningful measurement. It is not readily quantifiable as the unemployment in industrially developed countries where organised sector is dominant, hired employment is the rule and farming sector is commercialised. In Kerala with extensive self employment, seasonal unemployment and chronic underemployment, these are not measurable in any reliable manner.²

According to the estimate of the National Sample Survey one fourth of the population in Kerala is unemployed which is the highest rate of unemployment in the country.³ Table 9.1 shows the unemployment rate in different states. Kerala tops the list with 26.02 per cent followed by Tamil Nadu (16.02%), Andhra Pradesh (10.78%), West Bengal (10.44%), Karnataka (9.58%), etc.

1. K.J. Mathew Tharakan, "Some Aspects of the Unemployment Problem" in T.A. Kamaluddin (Ed.), Economic Development of Kerala (Malayalam), State Institute of Languages, Trivandrum (1972), p.137.
2. Government of Kerala, Report of the High Level Committee on Education and Employment Vol. V, State Planning Board, Trivandrum (1984), p.7
3. M.A. Dommen, "A Review of Kerala's Development", Mathrubhoomi Weekly (Malayalam), June 14-20, 1987.

Live register figures maintained by the employment exchanges are the only regular source providing data regarding employment and unemployment in Kerala. As per the data supplied by employment exchanges the number of job seekers was 2,93,754 on December 31st, 1970 which increased to 27,02,174 in September 30th, 1986 (See table 9.2). Fifty five per cent of the work seekers had educational qualifications (SSLC and above). Among the total work seekers post-graduates account for 0.37%, graduates 3.5%, Pre-degree holders 5.01% and SSLC holders 46.12%. It is to be noted here that the problem of unemployment among the educated is chronic in Kerala compared to the country as a whole.⁴

The unprecedented expansion of the education sector in recent years along with the sluggish growth of employment opportunities for the educated manpower has resulted in severe distortions in the behaviour of the labour market for the educated and in the market for education.⁵ Consequently the educated competed for jobs that require less qualifications.⁶

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4. Mridul Eapen, Some Aspects of the Unemployment Problem in Kerala, Working paper 79, Centre for Development Studies, Trivandrum (1979) p.14.
 5. P.R. Gopinathan Nair and Joseph Thomas, Paradox of the Market for the Educated: A Hypothesis About Unemployment Acting As a Stimulant to Private Demand For Higher Education, working paper 195, Centre for Development Studies, Trivandrum (1984) p.1.
 6. See Nikhil Lakshman, "As Despair Frustration Anger Grow" The Illustrated Weekly of India, November 30, 1986.

Employment in Kerala

Table 9.3 shows the employment in private and public sector establishments in Kerala. The table divides the establishments into ten. The total number of persons employed as on 31st March 1971 was 701766 which increased to only 1061052 by 1984 (increased by 51%). In 1971 more than 43 per cent was employed in services followed by manufacturing (26.9 per cent) agriculture and allied activities (13.1 per cent). In 1984 also there was not much difference in the proportionate share of different establishments in providing employment. Services accounted for more than 41 per cent followed by manufacturing 29.2 per cent, agriculture 9.6 per cent and transport and communication 8.5 per cent. However, it may be noted here that the position of agriculture, livestock and forestry in providing employment was decreasing from 13.1 per cent in 1971 to 11.2 per cent in 1975, 10.3 per cent in 1980 and 9.6 per cent in 1984. Financing, Insurance, real estates and business services which provided employment to 22209 persons in 1975 increased to 59881 in 1984. The proportionate share of it also rose from 2.8 per cent in 1974 to 5.6 per cent of the total in 1984.

Migration

In the absence of increased employment opportunities within the state people are forced to migrate to other states within India and abroad. Looking at the migration figures from census data it is seen that from the period 1931-41 onwards there was greater male migration from Kerala. Female out-migration was also more than in-migration since 1941-51 period.⁷

7. R.S. Kurup, "Population Growth in Kerala", Southern Economist, July 1, 1986.

In Chapter two we have discussed the different estimates about the number of Keralites employed abroad. A very conservative estimate put the number of Keralites employed abroad as 4 lakhs. During the 1981 census nearly 11.5 lakhs of Keralites were outside the state.⁸

Migration has been acting as a safety valve to the unemployment problem of the state. It is to be noted here that the number of educated among the migrants from Kerala to Gulf countries is less than the number of their counterparts to other countries and other states within India (See Chapter IV).

In countries like Jordan not only emigration acted as a safety valve to unemployment but also initiated growth of the economy. The hitherto high level of unemployment vanished rapidly by emigration and partly by increased domestic demand for labour in Jordan.⁹

Future Of Manpower Export

At the outset we have seen that the oil price hike and the consequent flow of funds which initiated unprecedented development activities in the Gulf countries resulted in massive flow of Keralites to these countries. The recent sharp decline in international oil prices created uncertainties in Gulf countries

8. Ibid

9. Frank Kirwan "Migration and Emigrants' Remittances: Theory and Evidence from the Middle East", in Matz Lundahl (Ed.) The Primary Sector in Economic Development, ILO, Kent (1985) p.267.

which has its own adverse repercussion in the Gulf labour market also.

The Oil Price Turmoil

Oil is the single largest commodity in international trade.¹⁰ The organisation of Petroleum Exporting Countries (OPEC - a cartel of thirteen nations producing and exporting oil) were exercising monopoly in the price determination of oil since the first price hike in October 1973. The price of oil which was \$12 per barrel in 1973 has risen upto \$40 in the early 80s. But since 1985 the crash of the oil boom started.¹¹

A number of causes is attributed to the decline of international oil prices. OPEC has failed to realise that a continued increase in oil prices was bound to force every other nation to search for its own oil or for substitutes. The Soviet Union, the USA, Norway, U.K. and Mexico produced more oil and have succeeded in breaking the price setting monopoly of the OPEC and creating a crisis in the organisation. The share of OPEC in the global oil production has declined to one third from 60 per cent a decade ago.¹² The seven year old Iran-Iraq war which has been depending heavily on oil revenues to finance the war obviously could not maintain the production quota and price fixation that periodical agreements of the OPEC reached.

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10. Jahangir Amuzegar, "The Oil Price Turmoil", Finance And Development, June 1986.
 11. J.D. Sethi, "Pedators in Crisis", Indian Express, March 29, 1986.
 12. V.K. Srinivasan, "Search For Elusive Accord", The Hindu, December 6, 1986.

But if history is any guide to forecasting the Economics and Politics of oil it may be too soon to predict the future of oil prices. Renewed solidarity within OPEC, a mutual understanding between OPEC and major non-OPEC suppliers or sudden political turmoil in one of the major oil producing countries could push up prices again.¹³

A recent study conducted by the Asian Development Bank on Energy Policy 'Experience of Asian Countries' predicts that the real international oil price will regain their 1985 level of \$27 per barrel by 1990. Assuming a new international crisis the study further observes that another fifty per cent increase in the following two years of 1990 may be expected.¹⁴

Economic Activities in West Asia

With oil accounting for about 95 per cent of Gulf exports, half of the gross domestic product and roughly two thirds of Government revenues, the world oil price crash since 1985 has resulted in retarded overall growth in the Gulf region.¹⁵.

Consequent on the slow down in economic activity there were reports that many expatriate workers may leave the Gulf countries in the near future.¹⁶

13. Jahangir Amuzegar, Op.cit.

14. ADB predicts sharp rise in oil prices - The Economic Times, June 5, 1987.

15. "Economic Growth in Gulf Retarded", The Economic Times, September 3, 1986.

16. "Two Million Expatriates May Leave by 1990" The Indian Express, July 16, 1986.

There are already indications that the construction boom in the Gulf countries is over. The less educated Asian labourers of Pakistan, India, Bangladesh, Philippines, Sri Lanka and Korea are competing among themselves for securing employment in these countries and this process has set in motion a severe reduction in their emoluments.¹⁷

Arabianisation of Labour Market

There are reports that the Gulf Governments are offering a number of incentives to their own nationals to do the employment. That has been accepted as the primary objective of their national policies. In 1975 South Asians constituted 32.7 per cent of the labour force. Arab expatriates formed 25 per cent of the labour force. Throughout the Gulf there is an inverse relationship between the proportion of Palestinians - the principal Arab migrants - and the proportion of South Asians. Bahrain, Oman, and the UAE with 4 per cent, 4 per cent and 8 per cent Palestinians in the migrant population respectively have 63 per cent, 71 per cent and 68 per cent South Asians. In Qatar the proportion of Palestinians is 18 per cent and the proportion of South Asians 57 per cent. In Kuwait Palestinians form 40 per cent of the migrant population and South Asians 11 per cent.¹⁸

17. "Gulf Construction Bonanza Ends - Asians Worst Hit" The Economic Times, June 1, 1986.

18. Myron Weiner, "International Migration and Development: Indians In the Persian Gulf", Population And Development Review, March 1982.

It is to be noted here that although officials have expressed preference for fellow Arabs over Asians publically, actually they prefer cheap Asian labour to Arab migrants. The reason for not giving preference to Arab migrants is that it is difficult to reject their claims as fellow Arabs to the same medical benefit, subsidised housing and government employment that the state ensures to local Arab population.¹⁹

The economy measures undertaken by Gulf states include offering new contracts at lower salaries reducing benefits such as overtime and accommodation allowances and replacing married men by bachelors.²⁰

According to the study conducted by World Bank in 1981, 70 per cent increase in the labour force was predicted between 1975 and 1985. It also pointed out that the pattern of demand will shift to more and more professional and para professional workers.²¹

While emigration to West Asia has proved a safety valve for many labour exporting countries including India in general and to Kerala in particular, the prospects do not seem bright. Nevertheless, there is no reason to believe that the demand for emigrant

19. Ibid

20. "Gulf States Cut Back On Foreign Workers", The Economic Times, June 12, 1985.

21. See Ismail Serageldin and James Socknat, "Migration and Manpower Needs in the Middle East and North Africa" Finance and Development, December 1980.

workers will cease altogether. The future demand for labour in these countries as they switch from infrastructure development to a new industrial development phase is likely to be different since it will be in favour of high skilled white collar jobs. The unskilled workers required for construction activities will soon be returning to their native countries.²²

22. M.G. Quibria, "Inward Remittances And South Asian Economies", Asian Development Review, May 17, 1986.

TABLE 9.1 UNEMPLOYMENT RATE IN DIFFERENT STATES

SL. NO.	STATE	UNEMPLOYMENT RATE (%)
1.	Kerala	26.02
2.	Tamil Nadu	16.02
3.	Andhra Pradesh	10.78
4.	West Bengal	10.44
5.	Karnataka	9.58
6.	Orissa	8.16
7.	Maharashtra	8.15
8.	Bihar	8.13
9.	Haryana	6.87
10.	Gujarat	6.38
11.	Chandigarh	5.55
12.	Punjab	5.03
13.	Uttar Pradesh	4.29
14.	Rajasthan	3.55
15.	Madhya Pradesh	3.13
16.	Himachal Pradesh	2.79
17.	Meghalaya	2.50
18.	Assam	1.82
19.	Nagaland	0.52
20.	Manipur	N.A.
21.	Tripura	N.A.
22.	Arunachal Pradesh	N.A.
23.	Mizoram	N.A.

Source: N.R. Prabhakara and M.N. Usha, Population Growth and Unemployment in India, Ashish Publishing House, New Delhi (1986) p.73.

TABLE 9.2 DISTRIBUTION OF WORK SEEKERS IN KERALA BY EDUCATIONAL LEVELS

PERIOD (1)	TOTAL WORK SEEKERS (2)	BELOW SSLC (3)	PERCENTAGE TO TOTAL (4)	SSLC (5)	PRE-DEGREE (6)	GRADUATE (7)	POST GRADUATE (8)	SSLC AND ABOVE (9)	PERCENTAGE TO TOTAL (10)
31-12-70	293754	110304	39.25	151279	7469	17707	1994	178450	-
31-12-75	691242	331628	47.98	281989	28329	44456	4840	359614	52.02
31-12-79	1249372	575366	46.05	530742	70342	64365	8567	674016	53.95
31-12-80	1579164	765141	48.45	658652	79310	67841	8220	814023	51.55
31-12-81	1903719	979830	51.40	748898	90254	77694	7043	923889	48.53
31-12-82	2086056	1049320	50.30	842772	102644	84161	7159	1036736	49.70
31-12-83	2262240	1128860	49.90	920622	117161	88557	7040	1133380	50.10
31-12-84	2458206	1194453	48.60	1050073	121369	84025	8286	1263753	51.40
31-12-85	2574074	1208724	46.95	1116495	148464	90329	10062	1365350	53.05
30-09-86	2702174	1216182	45.00	1246175	135395	94534	9888	1485992	55.00

Source: Government of Kerala, Economic Review 1986, State Planning Board (1987), p.105.

TABLE 9.3 EMPLOYMENT IN ESTABLISHMENTS BOTH PUBLIC AND PRIVATE SECTORS IN KERALA (COVERED UNDER EMI)
BY INDUSTRIALISATION AS ON 31ST MARCH

INDUSTRY	1971		1975		1980		1984	
	NUMBER	PER CENT	NUMBER	PER CENT	NUMBER	PER CENT	NUMBER	PER CENT
1. Agricultural, livestock forestry, etc.	92055	13.1	86857	11.2	105183	10.6	102013	9.6
2. Mining & Quarrying	610	0.1	766	0.1	1302	0.1	1931	0.2
3. Manufacturing	188924	26.9	225015	28.8	314418	31.6	309470	29.2
4. Construction	23562	3.4	23678	3.0	24736	2.6	26932	2.5
5. Electricity, gas, sanitary service	11850	1.7	13021	1.7	16806	1.7	16343	1.6
6. Trade, restaurants, and hotel	23083	3.3	13569	1.7	16233	1.6	18402	1.7
7. Transport, store & communications	54212	7.7	57478	7.4	71955	7.2	90198	8.5
8. Financing, Insurance real estates & business services	-	-	22209	2.8	44067	4.4	59881	5.6
9. Services	307470	43.8	338447	43.3	399166	40.2	435882	41.1
Total	701766	100	781130	100	993862	100	1061052	100

Source: Government of Kerala, Statistics for Planning 1986, Department of Economics and Statistics Trivandrum (1987), p.31

CHAPTER - X

SUMMARY AND CONCLUSIONS

The foregoing analysis is primarily based on the sample survey conducted in Orumanayur and Talikulam panchayats of Chowghat taluk. Information was collected from 350 sample households of which 250 were emigrant households, 40 ex-emigrant households and the rest non-emigrant households for the reference year 1985 and the base year 1974. Information was also collected from non-resident entrepreneurs, social workers, physicians on various aspects of the problem. Almost all the available studies on Gulf emigration from Kerala were made use of. Following conclusions emerge from the study.

Keralites had been a mobile community. Emigration to Gulf countries has surpassed all previous records of emigration from Kerala. More than half the Indians employed in Gulf countries hail from the small state of Kerala which forms only 1.2 per cent of the total geographical area of India.

To emigrate to countries abroad, Non-Objection-Certificate (NOC) from the host country is required. The ramifications of the process of securing NOCs are many and varied in which many unauthorised agents operate. Emigration boom that followed the first oil price hike witnessed the emergence of a market for NOC. The cost of emigration in the sample households varied from Rs.25 in 1944 to Rs.25,000 in 1984. The average cost of emigration is Rs.8,318.30. In the sample households the average cost of emigration before 1974 was Rs.1,406.25 whereas since 1974

it increased to Rs.10,697.40. About three fourth of the emigration to Gulf countries took place after 1974.

With regard to the process of emigration before 1974 67 per cent of the emigrants who migrated were illegal emigrants. Since 1974 about 30 per cent of NOCs were procured by relatives of emigrants whereas it was only about 18 per cent before 1974. In Drumanayur Panchayat 42 per cent of the NOCs since 1974 were secured by relatives whereas in Talikulam it was 22 per cent. Before 1974 only 7 per cent of the NOCs were secured by friends. But since 1974 more than 24 per cent of the NOCs were obtained from friends. Private agents were the largest suppliers of NOCs since 1974 accounting for more than 41 per cent. Usually authorised recruiting agents were supplying NOCs through unauthorised sub-agents and in this process both enjoyed undue pecuniary advantage. It has resulted in the mushrooming of bogus recruiting agents in the country. With regard to the sources of financing emigration, majority of the emigrants depended on borrowed funds.

The country-wise distribution of emigrants in the study area shows that the seven Emirates of the United Arab Emirates (UAE) absorbed more than half the emigrants. About eighteen per cent emigrated to Qatar. Sultanate of Oman ranked third followed by Saudi Arabia, Bahrain and Iraq.

The age composition of the emigrants in the samples surveyed shows that more than 31 per cent of the emigrants belonged to the

age group of 30 to 35 years. As a whole more than ninety per cent of the emigrants were below 45 years age. Emigrants belonging to the age group of 50 and above were only 3.47 per cent of which emigrants from Orumanayur constituted about 5 per cent whereas from Talikulam it was only more than two per cent.

Kerala emigrants to Gulf countries possessed much less educational qualifications compared to their counterparts from western countries and Africa. While the better educated Christians from Kerala were in the forefront of emigration to western countries the less educated Muslims dominated the emigration stream to the Gulf countries. On the whole minority communities like Muslims, Christians and backward communities like Ezhavas were the main beneficiaries of the Gulf emigration.

In the Chowghat Taluk 62 per cent of the emigrants were Muslims, followed by Ezhavas (21 per cent). In Orumanayur, Muslim emigrants were about 82 per cent. All backward communities including scheduled caste accounted for about two fifth of the total emigrants. High-caste Hindus like Nairs accounted for only 3.2 per cent in the study area. Since most of the persons emigrated are semi-skilled and highly qualified being next to nil in the Gulf emigration stream from Kerala the Gulf emigration does not constitute a problem of brain drain to the state.

Inward remittances into India have been consistently rising since construction boom started in the Gulf countries. The introduction of Non-Resident (external) Rupee Accounts and

Foreign Currency (Non-Resident) Accounts scheme in 1975 helped to track inward remittances through official channels to a great extent.

To some extent India was able to withstand the adverse effects of persistently rising cost of imports without achieving the anticipated growth of exports due to the emigrants remittances from abroad.

Evidence from various labour exporting countries shows that in the absence of administrative machinery to enforce compulsory remittances a system of positive economic incentives works better than a system of administrative coercion.

In Chowghat taluk more than 64 per cent of emigrants reported monthly remittances. More than one fifth of the emigrants remitted once in two months. Data collected for the year 1984-85 showed that only 5.67 per cent reported remittance below Rs.10,000. More than 70 per cent remitted less than Rs.20,000 whereas about one fifth made remittances between Rs.20,000 and Rs.30,000. Only 1.33 per cent emigrants reported remittance above Rs.50,000. The average emigrant remittance made for the year worked out to be Rs.16271.33. At least Rs.602 crores is estimated to be the annual cash remittance to Kerala from Gulf countries alone. If we add merchandise remittances to the cash remittances the overall remittance from Gulf countries is estimated to be about Rs.722.4 crores. It is estimated that at

least remittances worth about Rs.10,000 crores (both cash and merchandise) have flowed to Kerala since 1970 as emigrants' remittances.

The quantum of remittances from Gulf countries was about 13 per cent of the net domestic product of the state for the year 1984-85. Trichur district received the maximum as emigrants remittances. Inward remittances to Malapuram, one of the economically backward districts of Kerala, is estimated to be about half the net domestic product of the district.

Most of the emigrant households were very poor before they started to receive remittances from abroad. As in other South Asian labour exporting countries like Bangladesh, Pakistan, Sri Lanka and Philippines the emigrant households generally utilise their earnings for such unproductive investment as construction of luxurious residential buildings, purchase of land, jewellery and consumer durables. Payment of dowry was another major item of emigrant households belonging to various communities of the state.

Among emigrant households surveyed the number of terraced houses has increased from 0.4 per cent in the base year to 68.4 per cent in the reference year. Houses with thatched roofs declined from more than 83 per cent in the base year to just about 3 per cent in the reference year. The number of double storeyed houses increased from 1.6 per cent in the base year to about two fifth

in the reference year. About 96 per cent of the emigrant houses were electrified in the reference year. The average value of buildings including houses has increased from Rs.15,697.50 in the base year to Rs.2,15,350.00 in the reference year. The extent of land owned by emigrant households has doubled from the base year to the reference year. But the rise in the monetary value of the land possessed by each household was 1317 per cent. An enquiry into the location of land purchased revealed that though the emigrants preferred to purchase land in their own villages, the scarcity of land in their own locality forced them to buy land in other places. The purchase was not only extended to neighbouring villages but also to other districts. So the demand for land in emigrant pockets had 'spill over effects' to other parts of the state.

The quantity of gold possessed by the emigrant households increased by 882 per cent. During the field survey it was observed that despite gold being a banned item some emigrants managed to bring home gold from abroad obviously by resorting to dubious methods. In Orumanayur the quantity of gold possessed by emigrant households increased by 1560 per cent whereas the corresponding rise in the Talikulam panchayat was seven fold.

Average value of consumer durables possessed by emigrant households worked out to be Rs.19,103 for the reference year. Emigrant households are flooded with consumer durables like video, television, two-in-one, three-in-one, refrigerator,

furniture, etc. The per household value of automobiles constituted Rs.12,912 for emigrant households.

The asset structure of ex-emigrant households having no members working abroad presents more or less a similar picture like the emigrant households. However, the average value of assets possessed by ex-emigrant households is less by Rs.51,680 compared to emigrant households. In the case of consumer durables and automobiles the value is less by Rs.5738 and Rs.3562 respectively.

The reported average annual income for the emigrant household is Rs.29,307 whereas the corresponding figure for ex-emigrant household is only Rs.14,240. While remittance from abroad contributed about 83 per cent of the emigrant households income, it was conspicuous by its absence in ex-emigrant households. Some ex-emigrants complained that even though their income from abroad ceased they were not able to make corresponding reduction in their spending habits to which they were accustomed.

Information collected about the reasons for the return of ex-emigrants showed the dwindling opportunities in the Gulf labour market. More than twenty three per cent were not able to get their visa renewed. About 16 per cent had to return due to the completion of their contracts. Only five persons out of fifty six ex-emigrants returned home after achieving their saving target. Old age and other health problems were responsible for the return of another five ex-emigrants.

Comparison of the data obtained from the emigrant households with those of the non-emigrant households (control group) showed that the pattern of utilisation of inward remittances by emigrant households had adversely affected the non-emigrant households with more or less fixed incomes. There occurred a reduction in the extent of land possessed by the non-emigrant households between the base year and the reference year. Some control group households who were able to utilise the high liquidity due to foreign remittances by doing business like shops and travel agency were able to improve their economic conditions. The economic condition of the control group as reflected in the value of assets was far better than that of the emigrant households in the base year. Though the nominal value of assets of the control group also registered an increase between the base year and reference year, actually their relative economic position has come down. But the value of assets of emigrant households increased from Rs.42,227 to Rs.641,880 indicating a definite improvement.

The average household value of assets in Kerala is substantially higher than the all India average. The high liquidity due to inward remittances and the high density of population along with the lowest land man ratio in Kerala were responsible for the rise in the value of household assets.

Housing conditions of the non-emigrant households also showed some improvement between the base year and reference year but the change was restricted to better off households and household

having wealthy emigrant relatives. The number and value of consumer durables possessed by the control group is insignificant compared to the emigrant households. The control group was able to acquire neither a video set nor an air conditioner.

In the case of consumption expenditure pattern, food item accounted for more than 71 per cent for the control group whereas the corresponding proportion for emigrant households is 67 per cent. However, while the control group household spent on an average Rs.7128.50 annually the corresponding figure for emigrant household is Rs.13,679.50. The expenditure reported on medical care by the emigrant household is substantially higher (Rs.2706) than that of their counterparts in non-emigrant households (Rs.531.50). The total consumption expenditure of the control group is only half of the expenditure reported by emigrant households.

The demand for house construction that followed in the wake of large scale emigration to Gulf countries from Kerala has raised the cost of construction. The price of locally available construction materials had increased. Increased demand for building sites and lowest land man ratio of the state resulted in the levelling up of the low lying areas. Moreover, the rising cost of paddy cultivation and the comparatively less care required after the initial five or six year period coupled with the preference for real estate initiated a process of converting paddy fields into coconut plantations in the emigrant pockets of Kerala.

Emigrants' exposure to the living habits of other nationals in the emigrant countries along with the tendency to display their newly acquired affluence to get social recognition accelerated the process of conspicuous consumption. The better off non-emigrant households also followed suit. Inward remittances along with the high income obtained from commercial crops and extensive retail trade activities set in motion a consumer boom in Kerala. Shops in rural areas of Kerala especially in emigrant pockets are selling a number of consumer items which were formerly restricted to metropolitan cities.

Besides the foreign made items home-made consumer items also found an expanding market in Kerala. The per capita consumption of non-food consumer items like toileteries, cigarettes, medicines, building materials, Indian made foreign liquor, etc. is very high in Kerala. About one fourth of the cosmetics and medicines are sold in the state of Kerala with a population of less than 4 per cent of the nation as a whole. The cigarette sale of Kerala is estimated to be about 15 per cent of the total sales of India. The per capita sales tax revenue which was only 37 per cent of the total per capita tax revenue in 1957-58 rose to about 63 per cent in 1984-85.

The abnormally high expenditure incurred on medical care by emigrant households necessitated further study. The attempt revealed that generally members of the emigrants households are more concerned about their health. Moreover, the use of modern gadgets for doing household work, social status attributed to not

doing manual work especially in rural areas, shift in food habits to more and more fats and starch resulted in a hike in medical bills. Most of the patients belonging to emigrant households prefer to go to specialists and eminent doctors in distant places. Even for small ailments they prefer to get admitted to nursing homes. Gynaecologists reported that women of emigrant families prefer to get admitted to nursing homes months before the probable date of delivery. In order to get special attention emigrant families used to present even foreign made consumer items to attending doctors besides money. This tendency has adversely affected the non-emigrant households with limited incomes.

In recent years there has been a major spurt in the number of private nursing homes in Kerala. In the case of allopathic institutions there is more or less an equal number of private institutions to Governmental institutions. Private hospitals generally charged very high fees under different heads. In some of the private hospitals of Trichur district operation fees, etc. are charged on progressive rates according to the bed the patient occupies (common ward, pay-ward, single room, double room, etc.). Although the cause for the mushrooming growth of private nursing homes is beyond the scope of this study there is much evidence to show that running hospitals is a highly profitable and lucrative business in Kerala. It has two adverse consequences. Firstly the cost of medical treatment shoots up. It also adds fuel to the corrupt practises followed in government hospitals.

Kerala is very much advanced in the field of health development and in some respects her achievement is equated with that of developed West European countries. According to the report released by the 39th Congress of World Health Organisation only 200 formulations of drugs are essential whereas about 45000 formulations are available in the market. Most of them are reported to be harmful to health. It is reported that 25 per cent of the national sale of drugs in India is in Kerala. So the already mentioned commercial motive in the health sector coupled with the fact that less than four per cent of the people consume one fourth of the harmful drugs may not contribute to health development.

Inward remittances have resulted in the aggravation of the practice of dowry system in the various communities and religions. In the forty seven emigrant households that had responded reasonably to the enquiries regarding the cost of marriage revealed that dowry in the form of gold ranged from 260 grams to 1600 grams. The average quantity of gold involved in these marriages worked out to be 390 grams. Dowry in the form of liquid cash, other durables including automobiles ranged between Rs.50,000 and Rs.1,75,000. The cost of marriage ceremony including lunch/ reception/and conveyance ranged between Rs.3,000 and Rs.18,000. The reported total cost per marriage worked out to Rs.100,925 in the emigrant households whereas the corresponding figure was less than one fourth of it, i.e. Rs.23,950 for control group households. Moreover, non-emigrant households were more or less unanimous in their view that Gulf remittances have pushed up the extent of dowry in the society.

In emigrant households as a result of male migration the responsibilities of females have increased. Women from traditional and conservative households started coming out of their traditional shells. They have to operate their bank accounts independently. Since majority of them are Muslims hailing from orthodox families in rural areas with comparatively less education they found it extremely difficult to actively associate themselves with domestic problems like management of their properties.

In analysing the psychological impact of emigration reliance is made heavily on the discussions held with leading psychiatrists and social workers. Kerala has the dubious distinction of having the highest incidence of mental disorder. The problem of mental disturbances has been found to be acute in emigrant pockets. The psychological problems associated with Gulf emigration are often mentioned as 'Gulf Syndrome'. Most of the victims of mental disorders are the wives of emigrants who are left behind and hail from less educated Muslim families. Incompatibility with their in-laws is assumed to be the primary reason for mental disorder in most of these cases. Married women who stay with their parents have fewer psychological problems than those who have to stay with their in-laws. Sharing of remittances and management of household affairs like supervision of land transactions, house construction activities, etc. are the major cause of conflicts. Typical 'Gulf marriage' itself has sometimes contributed to mental problems. Emigrants coming on

leave marry in haste. They have only very short homey moon periods hardly enough to understand each other. Prolonged post-marital separation coupled with resort to mushrooming trash magazines has led to deviant sexual behaviour by both partners ending in guilt and tension. Some of the children of the emigrant households having better access to money are reported to be delinquents and drug addicts. Income disparity between brothers (the migrant brother and his non-migrant counter part) has often led to psychological problems. The dwindling opportunities in the Gulf labour market recently added a new dimension to the Gulf syndrome. Gulf made repatriates between the age group of 25 to 35 are affected by mental disturbances in the form of acute introversion, lack of zest and withdrawal from social contact. These patients blame themselves for the mess they have created by not investing wisely their hard earned money unlike other better off emigrants.

The contribution of industrial sector to the domestic product of Kerala State has remained below the national average. Private sector investment in Kerala is very low. The central sector accounts for more than half the investment whereas the state sector contribution is about 12 per cent. The ever increasing expenditure of the state government on education, health and other social services was responsible for reduced investment in the industrial sector of the state. Moreover most of the public sector undertakings of the state government are making heavy losses which in turn adversely affect the growth of further investment. It is opined by experts that the state's public

sector has been used to shelter discredited politicians who have their own dubious intentions.

We have estimated that at least Rs.10,000 crores might have flowed to Kerala as emigrants remittances since 1970. If 10 to 15 per cent of the total remittances were invested for the much needed industrialisation of the state it could have given substantial relief to the worsening problem of unemployment of the state.

The measures adopted by various agencies to track the remittances to Industrial ventures met with very limited success. The Kerala Industrial and Technical Consultancy Organisation (KITCO) undertook a survey in 1981 with the intention of attracting the investment of non-resident Indians to Industrial ventures of the state. The response to the survey was comparatively poor. In the data supplied by KITCO study only 52 emigrants reported their capacity to invest. The average investment capacity of the reported persons worked out to be Rs.5.07 lakhs. More than 10 per cent reported their capacity to invest an amount between Rs.10 lakhs and Rs.15 lakhs. Only one respondent reported his capacity to invest upto Rs.25 lakhs. With regard to the project proposals 42 per cent were undecided. Persons who decided about their projects gave high preference to hotels in cities like Ernakulam, Trivandrum and Calicut. More than 10 per cent wished to start printing press. Only one person, though not decided, preferred to start a large industrial unit.

KITCO has evolved the concept of foster management for the benefit of persons working in the Middle East. It requires the identified projects to be implemented and managed with the funds provided by investors as their investment and loans obtained from financial institutions by a professional group organised as 'foster management cell' constituted in collaboration with institutions like Kerala State Industrial Development Corporation (KSIDC) or KITCO or jointly by these institutions. The response to the foster management proposal was not at all encouraging as reflected in the survey results.

The Kerala State Industrial Development Corporation (KSIDC) with the help of two consultancy groups identified 100 investment opportunities in medium and large scale sectors for which project profiles were prepared. The profiles were made available to a large number of non-resident Indians for their consideration. This effort was concentrated in the Gulf region through individual contacts and the India Investment Centre, Abu Dhabi.

Since 1982 KSIDC has signed 33 memoranda of understanding with NRIs for many projects but only few projects have been taken for implementation due to several reasons.

In May 1986 Kerala Financial Corporation (KFC) has announced a number of facilities to non-residents to invest in the industrial development of the state. In the year 1984-85 KFC has advanced loans to 51 units promoted by persons who are or were

non-residents. It is too early to predict the success of the measures adopted by KFC to attract non-residents for promoting industrial ventures of the state.

The discussion with leading non-resident entrepreneurs and other emigrants revealed that out of 52 persons eighteen have reservations about the reported restive labour force of the state and they also prefer to invest in industrial ventures outside Kerala. Some respondents suggested the setting up of an office in district headquarters for training in the wiser utilisation of their earnings. The entrepreneurs who consulted the KSIDC and KFC are satisfied with their approach. Two entrepreneurs are willing to revive the sick units of industrial estates if proper assistance was given. Majority of them were of the view that industrialisation of the state is the only solution to the unemployment problem especially in the light of declining opportunities in the Gulf. Most of the persons endorsed the idea to nominate persons for job in the proposed industrial unit promoted by them. As pointed out by the KITCO survey the emigrants were particular to get some escort services for starting industrial ventures.

Kerala is the state that experiences chronic unemployment problem. Live register figures maintained by the employment exchanges showed that the number of job seekers has increased from 2,93,754 in December 1970 to 27,02,174 in September 1986. The unprecedented expansion of the educational sector in recent years along with the sluggish growth of employment opportunities

for educated manpower has resulted in severe distortions in the behaviour of labour market and the market for educated.

Migration to other states of India and emigration to foreign countries has been acting as a safety valve to the unemployment problem of Kerala. But the decline in international oil prices and severe competition in the Gulf labour market from other labour exporting countries present a grim picture for the process of continued emigration from Kerala. But there are possibilities for the revival of international oil prices as predicted by some of the recent studies. In any case the future pattern of demand for labour in Gulf countries will undergo a change from unskilled and semi-skilled to professional and para professional and the state with the large number of educated unemployed must be equipped to contain the emerging trends in international labour market. An international understanding on the part of labour exporting countries to avoid the suicidal competition among themselves by accepting meagre salaries may be called for.

We have seen that the inward remittances together with high social consumption have set in motion an ever expanding consumer market in the state. If the state can correct the impression already created by the much advertised labour unrest in Kerala and mobilise favourable factors like better natural endowment and manpower together with emigrant remittances, it can increase the production within the state thereby avoiding the drain of

resources to other states and solve the much needed employment and industrial development of the state.

A concerted and sincere approach by politicians, economists and other social scientists is the only alternative for evolving a new strategy designed to achieve industrial development and reduction in unemployment in Kerala.

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