



## International Slowdown and Impact of Migration in Kerala

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**Abstract:** *Our migration system has played a predominant role in shaping the country's economy. Besides offering the employment opportunities it helps to earn much wealth to the people and helped to reduce the economic inequalities and poverty. But recently the flow of return emigrants created many problems on the country's employment structure. India especially Kerala state is facing a deep crisis due to return migration from Gulf countries which causes for the fast increase of unemployment in the State. The returnees are unemployed, unskilled or semi skilled; these are the main characteristic features of the returned emigrant.*

**Keywords:** *business cycle, downturn, emigrants, immigrants, bankruptcies.*

### I. INTRODUCTION

Recession is one of the stages of business cycle. Every economy may pass through different stages of economic growth of Gross Domestic Product. Recession is a business cycle contraction, or the slowdown in economic activity. Macroeconomic indicators such as GDP, employment, investment, spending, etc. fall, while bankruptcies and the unemployment rate rise. In the United States, the Business Cycle Dating Committee of the National Bureau of Economic Research (NBER) defines an economic recession as: "a significant decline in economic activity spread across the economy, lasting more than a few months"

The recession affected USA by subprime lending crisis. Loans to people who had difficulty in maintaining the repayment schedule with higher interest rates and less favorable terms were the genesis of this crisis. This crisis spread to all over the world, since every nation except few are partner of the trade with USA. The slowdown in economic activities affected immigrants by losing their job and declining profit in business which they conducted. There is strong global, national and regional evidence of impact of recession on return migration.

The recession impacted the migrants across the world. It has an uneven impact on remittances sending across countries. Some countries that attracted large number of migrant workers in recent years have been severely affected by the economic downturn, including the United States, Spain, Ireland, Russia and the United Kingdom. As migrants in these countries lose their jobs and deplete their saving, remittances have begun to slow. Developing countries with Diasporas concentrated in these countries are most at risk. As a result, many Latin American and Caribbean countries have seen remittances slow or even decline.

### II. INTERNATIONAL SLOWDOWN AND IMPACT MIGRATION IN KERALA

Kerala is an Indian state, with high amount of migrants to Gulf countries. Its economy is extremely depending upon the remittances. Large numbers of migrants are working in Saudi Arabia and UAE. The recession brought crisis in UAE due to the project delay or shut down of companies to a large extent compared to Saudi Arabia. The following table gives an idea about the project delay due to recession

TABLE 1 Projects Affected by the Crisis in the Gulf

Country	Projects and Finances involved			
	Project under construction	Project cancelled/on hold	Total project worth (billion\$)	% Cancellation
Kuwait	90	18	114	17
Qatar	124	7	42	-
Saudi Arabia	442	106	387	19
UAE	1372	566	900	29
Bahrain	148	54	36	27
Oman	95	8	38	8

Source: CDS

The crisis had affected a large number of workers in some way or other. The effect varied across different industries, across various occupations, across various skill levels and also depended on the number of years of experience of the expatriate. The strategies adopted by the workers to cope with the crisis were also varied. The expatriate workers did not leave the countries of



their destination in large numbers. In the normal course, in most cases the construction companies would provide the workers with the basic minimum facilities including food and accommodation. Hence, for the less skilled workers in construction sector which retained the workforce, the effect of the crisis was not as severe. However, when the company faces sickness or closure these workers had no choice of staying back in the country.

The most rampant effect of the crisis was the cut in salary, stoppage of increments, and stoppage of benefits and perks which the expatriates had to suffer. The effect of this phenomenon was more severe in case of middle income group workers engaged in semi skilled and skilled jobs, since they have to make their own arrangements for accommodation and food. Salary cuts ranged from 10 to 30 percent of the salary levels prevailing in 2007 just before the crisis. However, it is to be kept in mind that prior to the crisis there had been a large rise in the salaries and wages due to the boom in the sector. Hence the decline in wages is a relative decline compared to the boom wage levels in 2007. Yet the effect of this cut cannot be trivialized. This is so because the boom had also lifted the expectations of most workers leading to a high spending life style. The rise in wages during the boom period induced them to borrow large loans for various purposes. The crisis alternatively led to a situation wherein most workers were in debt traps since their repayment capacity had fallen. And these traps precisely acted as a lock in for workers, who could not leave the country even if they wanted to.

India registered the highest number of return emigrants due to the crisis (140,000), followed by Pakistan (64,000), Bangladesh (25,000), Sri Lanka (27,000) and Nepal (7,000). One can also estimate the number of return emigrants from the countries of destination in the Gulf to countries in south Asia. For instance, India had a stock of 1.7 million migrants settled in the United Arab Emirates (UAE); and in the projected number of return emigrants from the UAE, there were 47,000 Indians.

**TABLE 2 Estimates of Return Emigrants to South Asia from the Gulf due to Financial Crisis, 2009**

Country/ State	Stock of Emigrants	Return Emigration due to Crisis
Kerala	2193412	61036
India	5050000	140526
Pakistan	2300000	64002
Bangladesh	900000	25044
Nepal	250000	6957
Sri Lanka	975000	27131
South Asia	9475000	263660

Source: CDS

The estimate of return emigrants is small in comparison with the predicted number of Gulf returnees to South Asia. This is because of the cost of migration to the Gulf and the peculiarities of the channel of migration. South Asians incur huge costs to migrate to the Gulf

There is a category of migrants who have 'lost jobs in the gulf and have not returned to the country of origin'. One of the strategies adopted by the emigrants who lost their jobs in the countries of destination due to the financial meltdown is to return to their countries of origin and look for employment. Some of those who returned home after having lost their jobs in the Gulf are still unemployed and looking for jobs.

**TABLE 3 Estimates of Emigrants who lost job in the Gulf but have not Returned, to South Asia, 2009**

Country/ State	Stock of Emigrants	Number of Lost Job But Not Returned
Kerala	2193412	39396
India	5050000	90703
Pakistan	2300000	41310
Bangladesh	900000	16165
Nepal	250000	4490
Sri Lanka	975000	17512
South Asia	9475000	170181

Source: CDS

However, there is an equal number or more persons who lost their jobs and are still not able to return due to the heavy investment they incurred in order to migrate. These classes of emigrants remain unemployed in the destination country and continue to look for jobs in the sectors which are less/not affected by the crisis, and are ready to work even for lower wages than what they were previously receiving and under hostile working conditions.

### III. CONCLUSION

Migration is usually seen as a livelihood strategy by migrants and their families; and remittances provide important resources to finance everyday life. Both migration and de- migration create multi- dimensional effects. These effects are more felt in outward



oriented regional economies labour migration is not recent phenomenon. There are several examples in the history of mankind, of the huge exodus of population in search of better opportunities and means of decent living. In many cases material population integrate themselves with new region contribution for its social and economic development. This process is two way directions. The migration contributes for the development of region. In that process they enrich themselves by way of better earning and exposure of to new experiences. The early migration of Indian to the countries like Singapore, Malaysia, South Africa and Burma is a classic example in this regard. De-migration though not often discussed in conventional literature is an equally important and powerful trend. In some cases de- migration is considered as a natural consequence of migration. International and political environment and diplomatic relation among the countries also influence the process. The process of de-migration has several consequences. They are felt more deeply and widely on the socio-economic life the de-migrated population.

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