

A lost paradise?

PM Mathew



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The Saudi crisis signals bad news for India

The recent gesture by the external affairs ministry to provide food aid to some 10,000 Indian nationals stranded without jobs or money in Saudi Arabia and its decision to evacuate them will come as a temporary relief to the thousands stranded in the desert country.

The fall in global oil prices and the policy changes in the Gulf countries are affecting the prospects of the expatriate population in these countries. To tide over the resulting economic crisis, the Gulf countries are now resorting to mass lay-offs, massive spending cuts and an unprecedented austerity drive. Oil refineries, banks, shipping firms, and construction companies have already resorted to layoffs of foreign workers, especially the unskilled and semi-skilled ones. Many construction companies have already closed their operation in the Gulf region.

Classification worries

While the sharp fall in oil prices is the immediate reason behind the move to send back foreign workers from Saudi Arabia and other West Asian countries, rules such as the Saudis' Nitaqat law are making the employment prospects for the expatriate labour force in Gulf countries really uncertain. For instance, rules for localising labour, which are aimed at tackling local unemployment, are forcing out Indian nurses from Oman.

The Nitaqat (classification) law being implemented by Saudi Arabia makes it mandatory for Saudi Companies to reserve 10 per cent of jobs for Saudi nationals. Saudi Arabia has very strong socio-economic reasons to justify such a policy.

Unlike other Gulf countries Saudi Arabia itself has large number of unemployed citizens. According to recent estimates the unemployment rate among Saudi nationals has reached 12 per cent. In 2015 there were 3,20,000 firms in the desert Kingdom that did not employ any Saudi. Of late there is a growing feeling of resentment among the citizens of Saudi Arabia resulting from the labour market competition they face from expatriate workforce.

The strict implementation of the Nitaqat law and the most recent phenomena of out migration to Kerala has raised much concern in Kerala. Majority of the Indian migrant labour in Saudi Arabia are from Kerala. In 2011, some 5,70,000 Keralites were working in Saudi Arabia.

Kerala crisis

The strict adherence to the Nitaqat regulations and the recent mass layoffs result in immediate job losses and reduced job opportunities. Thousands of Keralites in Saudi Arabia, Kuwait, Oman and elsewhere in West Asia are now facing a livelihood crisis brought about by unpaid salaries and benefits and non-renewal of work permits.

The sudden exodus of the unemployed could trigger off economic crisis and social unrest in the State. The sudden fall in remittances from Saudi Arabia and other Gulf countries may lead to a ripple effect on interlinked sectors such as real estate and transport.

The crisis is expected to aggravate in the coming days. On an emergency basis both the Centre and State must plan out strong rehabilitation packages for the unemployed Gulf returnees.

Kerala must focus on more employment opportunities for its labour force within the State itself. It should undertake massive investments in infrastructure and industrial development to boost employment opportunities.

The writer is a Bengaluru-based researcher

(This article was published on August 11, 2016)

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