

Gist of RSTV Big Picture: Kuwait's Expat Bill and Impact on India

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What's in the News?

- The legal and legislative committee of Kuwait's National Assembly has approved the draft expat quota bill, according to which Indians should not exceed 15 percent of the population in Kuwait.
- The bill will be transferred to the respective committee so that a comprehensive plan is created.
- The National Assembly's legal and legislative committee has determined that the draft expat quota bill is constitutional.
- The Gulf News reported that 'this could result in 8 lakh Indians leaving Kuwait, as the Indian community constitutes the largest expat community in Kuwait, totalling upto 14.5 lakh.
- Of the 43 lakh population of Kuwait, expats account for 30 lakhs. Kuwait is also a top source of remittances for India.
 - In 2018, India received close to \$4.8 billion from Kuwait as remittances.
- The draft once turned to the law will impose a cap on the number of expats and gradually reduce them by almost 5% on a yearly basis.

Background:

- Traditionally, India and Kuwait have enjoyed friendly relations across many dimensions:
 - Kuwait is India's third largest trade partner in the Arab world and a reliable supplier of crude oil to India.
 - Majority of the Indian migrants in the Gulf are semiskilled and unskilled workers. Indian migrant workers in Kuwait have been estimated to be at 600,000.
- Recently on the request of Kuwait, India deployed a Rapid Response Team there to assist the country in its fight against COVID-19.
- Also, Kuwait offered to send Indian nationals back at its own expense during the COVID 19 outbreak.
- The Government of Kuwait in April 2020, said that “they are deeply committed to friendly relations with India and do not support any interference in the internal affairs of India”.
 - This happened in the light of misinformation being spread about India in many non-official social media handles in Kuwait.

Relevance of the Decision of Kuwait's National Assembly with Regards to Expat Community:

- This is not the first time that such an initiative has been taken. Most countries of the Gulf Cooperation Council states (GCC) have been trying to localize their workforce.
- This began with Oman (Omanisation), Saudization - Saudi nationalization scheme, or Nitaqat, Emiratisation and now, Kuwait has followed the same.

- Article 10: in Kuwait Labor Contract Law -- prescribes the procedure for recruitment of non-Kuwaitis in a way that enables the ministry to control and regulate the labor market in accordance with the goal of the country, to replace the expatriate personnel with national manpower gradually.
- Kuwait's Prime Minister Sheikh Sabah Al Khalid Al Sabah proposed reduction in the number of expats from 70% to 30% of the total population.
- Given India's strong diplomatic ties with Kuwait and other GCC nations, this move is only a result of Kuwait's internal problems like- the overall impact of COVID 19 and worsening economic conditions in Kuwait due to drop in oil prices.

Reasons Behind Kuwait National Assembly's Move:

- Domestic pressure in Kuwait against accommodating expatriates as foreigners have accounted for the majority of Kuwait's Covid-19 cases.
 - The pandemic rapidly spread among migrant workers communities inhabiting overcrowded housing.
 - Large numbers of expats would mean straining the health facilities.
- Kuwait is a major oil producing country and depends substantially for its budget from the oil revenues. Decline in oil revenues due to the oil price war in early 2020 followed by stall in commercial activities due to COVID 19 has resulted in huge fiscal deficits in Kuwait.
- Expats have been an easy target during such crisis: Kuwait has always had the majority of its working population composed of expatriates from different countries. Whenever oil prices have dropped the Government has resorted to moves like:
 - Reducing the salaries of expatriates
 - Increasing the value added tax
 - Increasing the price of fuel and electricity
 - Increasing the cost of healthcare amenities
- The number of Indians migrating to Kuwait has only increased in the last decades except during the invasion of Kuwait in 1999. Kuwait requires cheap labour force from foreign nations as most locals are unwilling to do many works which the immigrant labourers do.
- Also, the Gulf countries have praised the Indian workforce and have preferred them over any other workforce of other nationalities.

Challenges for Kuwait Amidst this Economic Slowdown:

- Demographic change in the Gulf due to huge numbers of expats:
 - Since the Gulf economic boom of 1970-1980, the dependence on immigrant labour force has been large in the GCC countries.
- In Kuwait, 27% of the population of expats is Indian, followed by Egyptians.
- Huge illegal immigrant population in Kuwait:
 - Illegal immigrants have settled in Kuwait for years without proper paperwork and have been given general amnesty.
 - Now the government is ready to deport them at its own cost despite economic slowdown.
- Unemployment among Kuwaiti youth:
 - The economy of Qatar is one of the richest in the world based on GDP per capita. Despite having GDP only after Qatar, 1% unemployment persists in Kuwait.
- For the first time, Kuwaitis are willing to occupy those jobs which used to be taken up only by the migrant workers.

The Challenges Facing India:

- Return of people from the Gulf combined with migration of labour within the country due to COVID 19 is a major challenge facing India.
- While providing employment to unskilled labor will be a challenge, skilled labour force which is needed on a long term basis to sustain the infrastructure will be gradually absorbed into workforce.
- Almost 10% of India's total foreign exchange reserves come from the Gulf countries as remittances, which is going to be impacted.

Processes and Systems Followed in Kuwait (As a Parliamentary System):

- Since its independence from the British in 1961, Kuwait adopted a written constitution largely based on the European model with some inputs from India.
- Every four years, regular elections to the National Assembly are held.
- The National assembly and Al Sabah family have been sharing power.
- Many times, the Parliament is at odds with the ruling family and the Prime Minister has had to resign because of the no-confidence motion by the minister belonging to different fractions.
- Ruling Al-Sabah family has always been trying to maintain its stranglehold on the economic and political systems.
- Deliberations and discussions on key issues like immigration and foreign policy between different committees is conducted in Arabic but immediately translated in English.

What's the Best Way Forward?

- As Indian Government plans to rejuvenate the economy through initiatives like 'Atma Nirbhar Bharat', a complete reskilling of the workforce which has returned from West Asia is required.
- As the Gulf countries are also transforming their total production processes in consonance with the Artificial Intelligence (AI) driven industrial revolution (4.0), there is a possibility that the next generation of highly skilled Indian workforce will again be accommodated in the Gulf countries.
- Deployment and technical training through Government initiatives can help in accommodating a large part of the returning workforce within Indian market.
- The nexus between the agents on both sides need to be stopped to contain all forms of illegal labor, migrating without authentic work contracts.
- Institutional mechanisms between the two countries need to be sustained through regular meetings and dialogue on trade and migration issue

As West Asian Nations Look to Diversify : Will this Create New Opportunities?

- As the oil sector is facing loss, the GCC nations are planning to develop other sectors of the economy. They also plan to bring about improvement and regularisation to the labor classes.
- When the GCC nations successfully explore non-oil sectors like manufacturing, tourism, harbours, food processing etc, many more employment opportunities will be available for domestic and expatriate workforce.
- India needs to find out opportunities in different sectors through cooperation and collaboration with Kuwait and other countries of GCC.