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ECONOMIC IMPLICATIONS OF THE RETURN FLOW  
OF IMMIGRANTS FROM THE MIDDLE EAST: A  
PRELIMINARY STUDY

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## Chapter 1

### INTRODUCTION

In the last few years there has been a noticeable increase in the outflow of workers from Pakistan. A large proportion of these workers is going to the Middle Eastern countries. The available evidence indicates that by and large it has been a welcome development. It has eased the unemployment pressures in the country, has raised the saving potential and has helped in mitigating the balance-of-payments problem. The migration is also expected to help in building human capital.

There is the other side of the picture as well. The migration of workers may also have some costs such as shortage of some specific skills, inflationary impact of remittances, conspicuous consumption, etc. The purpose of this note is not to go into a cost-benefit analysis of labour emigration from Pakistan. A PIDE/[2] has already dealt with that subject and many in-depth studies on various aspects of emigration are under way.

However, there is one aspect of this development which has not been seriously analysed so far. This is the issue of the ultimate return of these workers to the country. Labour emigration to the Middle East is not of a permanent nature. The workers going to these countries are not given an immigrant status and the workers do not sever their links with the home country. The results of a PIDE survey show that out of the 70 percent emigrants who are married, 66 percent leave their families behind, indicating their intentions to come back at some stage. But even for those who would like to stay on, permanent stay in the host country may not be possible because of the demand conditions abroad.

These issues deserve a thorough and careful study. The purpose of this paper is to provide some preliminary idea of the nature, magnitude and implications<sup>of</sup> the problem. The study makes no presumptions of being exhaustive. The need for a further in-depth study of the issue can hardly be over-emphasized. If by identifying the problems and by pointing out the gaps in the information, the present paper is able to set the direction of a thorough follow-up study, it will have served its purpose. Such a study should be planned very soon. One should prepare for the winter before it arrives.

This paper deals with the following issues:

1. An estimate of the total number and the annual rate of returning migrants. An estimate has been made of the actual current number and the rate of return of emigrants from abroad. Estimation of anticipated returns has also been made under different scenarios/assumptions.
2. Nature of the problems associated with the returnees, particularly the problem of their gainful absorption in the labour market.
3. Policy measures required to deal with the above problems.

The study covers the migrants returning from the Middle East only. This is on the assumption that it is only the Middle East to which migration is temporary and from where the chances of repatriation are high. The migrants in Europe or the USA are generally on a more permanent footing as they get the status of permanent residents and their number is relatively small.

The statistics presented in this report have been taken or derived from the PIDE surveys carried out for its International Migration Project.

These data are provisional pending some weighting adjustments and other refinements which are under way. The tentative nature of the results arrived at in this note should, therefore, be kept in mind and the necessary adjustments should be incorporated in a follow-up study.

## Chapter 2

## NUMBER AND THE RATE OF RETURN OF REPATRIATES

## Introduction

To assess the magnitude of the problem, the first step is to determine the volume of repatriation in terms of both the present stock of returnees and the annual rate of return. However, since emigration is still a recent phenomenon, the past in this case is not long enough to be a good guide for the future. We will have to go a step further and try to anticipate the future volume of repatriation. This is what we intend to do in this chapter.

Return of workers from abroad may be of two kinds:

(i) Voluntary and (ii) forced. The emigration to the Middle East being temporary, the migrants are likely to have a certain time-profile for return to Pakistan. This profile of the emigrants' intended return needs to be determined to estimate the volume of voluntary repatriation in the future. But, to estimate the total volume of future repatriation, we should also estimate the number of possible forced repatriates. Forced repatriation may stem from the following two developments:

- a. A possible change in the demand composition for different occupations abroad, making it difficult for workers in certain occupations to secure extension in their stay abroad and thus forcing them to return to Pakistan.
- b. Internal/external political developments in the host countries leading to either (i) complete exodus, or (ii) partial repat-



riation (such as of illegal migrants) of foreign workers from one or more countries.

On the basis of these scenarios, the following different estimates in respect of the number of returnees can be made.

- a. The total stock of returnees from the Middle East and the annual rate of return.
- b. Volume of repatriation based on the emigrants' time-profile for anticipated return.
- c. Anticipated volume of repatriation due to changes in demand abroad.
- d. Repatriation of illegal emigrants from one or more countries.
- e. Complete exodus of Pakistani workers from one or more countries due to internal political reasons of those countries.

#### Total Stock of Permanent Returnees

There is no record of the number of migrants who have returned for permanent settlement after working in the Middle East. Thus, in order to estimate the number of returnees, a census or a sample survey specially designed for the purpose would be required.

In this paper we use an indirect method to determine the number of persons who have so far returned for permanent settlement after working in the Middle East. For this purpose, we utilize the information gathered in the two surveys conducted by the Pakistan Institute of Development Economics which, though not designed to elicit this particular information, do contain some information which can be of some help. We arrive at our estimate in the following manner.

Keeping in view the structure of the available information, we divide the total number of the returnees into two categories:

- a) Returnees in those households which still have some member(s) abroad. Let the number of such households be denoted by  $R_1$ ; and
- b) Returnees in households which do not now have any member working abroad. Let the number of such households be denoted by  $R_2$ .

It follows that the total number of households where someone has returned from abroad permanently can be expressed by

$$R = R_1 + R_2 \dots\dots\dots(1)$$

The PIDE sample survey of migrants' families (Survey No. 1) estimates the total number of the country's households from which someone is abroad to be 160,000. The survey also indicates that in 5 percent of these households someone has returned permanently. Thus

$$R_1 = 0.05 \times 160,000 = 8000$$

Unfortunately no such information is available to estimate  $R_2$ . We, therefore, estimate R as follows. Dividing equation (1) through by R we get

$$\frac{R_1}{R} + \frac{R_2}{R} = 1 \dots\dots\dots(2)$$

or

$$r_1 + r_2 = 1 \dots\dots\dots(3)$$

where  $r_1$  is the proportion of households having returnee migrants which still have some of their members abroad to all the returnee migrant households. From the PIDE survey of Returnee Migrants (Survey No. 3), this is estimated to be 0.232.

Since  $r_1 = R_1/R$ ,

$$R = R_1/r_1$$

$$= \frac{8000}{0.232} = 39,000$$

Thus, so far, a total of about 39,000 households in the country have received permanent returnees from the Middle East.

We further know that in some of the households more than one migrant has returned permanently. Assuming that the probability of more than two permanent returnees in the same household is negligible, we can get an estimate of the expected number of people per household who have returned permanently as follows:

$$E = 2.p + 1. (1-p)$$

where

p = percentage of the households having more than one permanently returned migrant in all households from which a worker has gone to the Middle East. From the PIDE Survey No.3, referred to above, this is known to be 7.5 percent.

Thus

$$E = 2 \times 0.075 + 1 \times 0.925$$

$$= 1.075$$

Now the estimate of the total number of permanent returnees would be

$$RM = E \times R$$

where

RM = Total number of permanent returnees,

R = Total number of households with permanent returnees, and

E = Expected number of permanent returnees per household.

Thus

$$RM = 1.075 \times 39,000$$

$$= 42,000$$

### Annual Rate of Repatriation

The figure of 42,000 arrived at above refers to the total number of persons who have so far returned permanently after working in the Middle East. For policy purposes a more relevant variable perhaps is the annual number of returnees. The annual number will obviously depend on the total stock of Pakistani emigrants in the Middle East. As the stock increases, the annual number will also increase. This is confirmed by the past record as shown in Table 1.

Table 1

#### *Time Series for Returnee Migrants*

Year	Number of Returnees
1971-72 to 1973-74	1932
1973-74 to 1974-75	2100
1975-76	1764
1976-77	4998
1978-79	9534
1979-80	21672

Since the effects of labour inflow will mainly depend on the rate of inflow in relation to the rate of outflow of workers, it may be useful at this stage to make that comparison. Unfortunately a reliable time series for the outflow of labour is not available. We will, therefore, limit this comparison to 1979-80 only. The estimates based on the PIDE study [2] put the figure for the outflow in 1979-80 at 300,000. According to another source, around 200,000 workers left for the Middle East in 1979-80 [5]. The annual inflow is, therefore, somewhere between 10 per cent and 15 percent of the annual outflow of the workers. It must, however, be remembered that a one-year comparison cannot be the basis of generalization. This estimate should be taken only as a rough indicator of the magnitude involved.

### Migrants' Time-Profile for Anticipated Return

The current rate of return as estimated in the previous section comes out to be a quite insignificant part (1.7 percent) of the total stock of the emigrants abroad and about 10-15 percent of the annual outflow. One reason for this may be that the migration has been a recent phenomenon and people have not yet started coming back. Thus, the natural rate of return may increase in future as the migrants' own time-profile for anticipated return approaches maturity.

To plan for the absorption of returning migrants, the time-profile of the migrants' anticipated return needs to be determined. This will, however, require a suitably designed survey of the migrants. From the survey of workers who have so far returned after working in the Middle East it was found that only 9 percent have returned of their own accord after fulfilling the objective for which they had migrated. Another 31 percent returned on account of various domestic reasons. Even if we count this in the second category of "voluntary" returns, a large majority of those who have returned are those who could not manage to stay abroad. These may be of two kinds: (a) illegal migrants and (b) those who could not get their contract extended (or seek a new contract) due to labour market conditions abroad. To these two categories we now return.

### *Deportation of Illegal Migrants*

Illegal migrants are obviously in a very vulnerable position. The possibility of their deportation by the host countries always exists. Unfortunately, the illegal migrants are that segment<sup>of</sup> migrants about which there is the least amount of information available. There is absolutely no

estimate available about the number of illegal migrants in the Middle Eastern countries and one has to rely on a guesstimate.

One source of such a guesstimate is the PIDE survey of migrants. The survey contains information on the means of transportation used by the migrants when they first went to the Middle East. This information indicates that 4.4 percent of the total emigrants went out by launch. These are quite likely to be illegal emigrants. This percentage implies a total of 55,000 illegal workers in the Middle East.

Another information from the same survey which can point the extent of illegal emigration from Pakistan is the proportion of the emigrants who stayed unemployed for some time after arriving in the Middle East. These emigrants obviously did not have any work arrangement before entering the host country and hence could not have a work visa. The percentage of such emigrants is about 25 percent, implying a number of 300,000 emigrants. All of these, however, do not continue to remain illegal residents of the host country. Many of these are those who first went on a visit visa or a pilgrims visa but soon found some work and got regularized after some time.

In the light of the above information, our guesstimate for illegal migrants is 100,000 to 150,000 workers.

#### *Rate of Return due to Changes in Demand Abroad*

The growth of demand for labour in the Middle East is slowing down as compared to its momentum during the second half of the Seventies. However, there is no indication for the foreseeable future that the absolute demand for foreign labour in the region will decline resulting in mass return-inflows into the sending countries. There are, however, indications

of changes in the composition of the demand. A World Bank Study [7] gives forecasts of labour demand by occupation in major Middle Eastern countries for the next five years. The results of that study are reproduced in Table 2. According to the table, the total demand for expatriate labour in the Middle East will increase by 44 percent during the 1980-85 period. If Pakistan succeeds in maintaining its share in the labour markets of the Middle East this would mean that the stock of Pakistani workers abroad would continue to increase.

The demand of unskilled labour, however, is slowing down considerably. Even though a decline in the demand may still not occur in the near future, it is likely that after some time, return of the unskilled labour may start. Thus, in view of the trend of the labour demand abroad, we do not anticipate any mass return in the foreseeable future on account of simply changes in demand.

#### Complete Exodus from One or More Countries

The possibility of a complete exodus of all Pakistani emigrants from one or more countries on political grounds is very remote. However, it should not be ignored altogether. The estimated distribution of Pakistani emigrants in various countries of the Middle East is shown in Table 3. This table indicates the number of returnees that we should be prepared for if all the workers are deported from one country or more than one country.

Table-2

Total Expatriate Labour Requirements of the Oil Exporting Countries  
In The Middle East and North Africa By Occupation 1975-1985

(Figures in Hundred)

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Professional & Technical Occupations	69.0	95.1	104.5	113.6 (5.20%)	124.2	139.4	149.2	159.2	170.7	184.1	210.8 (5.68%)
Other Professional Occupations	142.7	172.0	190.9	203.6 (9.30)	225.1	252.6	271.6	291.2	313.5	337.3	381.0 (10.27)
Sub-Professional & Techn. Occupations	72.2	123.3	139.8	154.3 (7.04)	172.6	200.1	221.3	238.3	254.2	275.3	313.3 (4.45)
Other Sub-professional Occupations	63.5	76.7	90.3	94.4 (4.31)	102.9	115.3	125.2	130.6	133.1	138.4	151.4 (4.08)
Skilled Office & Manual Occupations	436.4	521.4	583.2	644.9 (29.46)	724.2	801.1	858.6	914.1	973.1	1044.0	1152.8 (31.08)
Semi-Skilled Office & Manual Occupations	474.9	455.7	499.2	510.8 (23.34)	542.8	599.1	660.5	721.9	793.9	882.7	948.0 (25.56)
Unskilled Occupations	478.6	523.0	531.0	467.2 (21.34)	474.7	474.4	487.0	498.0	512.7	547.9	551.9 (14.88)
<i>Total</i>	1742.3	1967.3	2138.8	2188.9 (100.0)	2366.4	2582.1	2773.5	2953.2	3151.2	3409.6	3709.1 (100.0)

\* Projections cover the following countries: Algeria, Bahrain, Iran, Kuwait, Libya, Oman, Qatar, Saudi Arabia, United Arab Emirates.

Note: Due to rounding, sums of individual sectors may not equal annual totals. Figures in parenthesis are percentages of column totals.

Source.



Table 3

*Distribution of Pakistani Emigrants  
in Middle Eastern Countries*

<u>Country</u>	Percentage of Total Emigrants in the Middle East	No. of emigrants assuming a total stock of 1.25 million Pakistani emigrants in the Middle East (000)
<u>Saudi Arabia</u>	<u>48.8</u>	<u>610</u>
<u>UAE</u>	<u>22.5</u>	<u>280</u>
Dubai	9.0	110
Abu Dhabi	13.0	164
Other UAE Countries	0.5	6
<u>Other Middle East Countries</u>	<u>28.57</u>	<u>360</u>
Kuwait	7.6	95
Iraq/Jordan	2.6	32
Bahrain	2.2	29
Libya	3.8	47
Oman/Muscat Qatar/Doha	10.0	125
Others	<u>2.5</u>	<u>32</u>
Total:	100.0	1250

## Chapter 3

## PROBLEMS ASSOCIATED WITH THE RETURN OF THE MIGRANTS

## Introduction

We mentioned in Chapter 1 that the emigration of workers to the Middle East meant a number of benefits to both the workers and Pakistan. Their return will correspondingly involve many costs. Thus, while letting the labour migrate, the policy makers should be prepared to face the consequences of the return of these emigrants. The problems associated with the return of the migrants have to be identified and suitable arrangements have to be made to deal with them. These problems are of two kinds: (i) macro problems, and (ii) micro problems. The macro problems relate to the adjustment of the economy in the wake of such things as reduced foreign exchange earnings, increased labour supply, etc. These are no doubt important problems but they have not been discussed in this report because these matters are very closely linked with the outflow of labour. As long as there is a positive net outflow, these problems should be discussed in the context of a study dealing with emigration rather than with repatriation. Micro problems, which are the subject of the rest of this section, relate to the adjustment of the repatriates in the domestic economy, and can be classified into the following three categories:

- a) Problem of productive absorption of the returnees;
- b) Problem of maintaining the standard of living that their families became used to on account of remittances from abroad; and
- c) Problems of proper utilization of the repatriated capital (physical as well as human).

We now turn to a discussion of the nature and magnitude of these problems.

### Productive Absorption of the Returning Migrants

A large majority of the returnees usually are still in the working age-groups and have an intention to work. Arrangements, therefore, must be made for their gainful absorption in the labour market. Their absorption will mainly depend on the following factors:

- a. The skills acquired by them or the type of work they did abroad;
- b. Their intention to work; and
- c. Their regional background.

The types of the work that Pakistani emigrants are doing abroad in the major Middle Eastern countries are shown in Table 4. In order to identify the problem areas, this occupational profile has to be compared with the demand conditions in the domestic labour market. In this regard, the PIDE Migration Study [2] found an evidence of excess demand in the case of skilled labour whereas there was no evidence of excess demand in the case of unskilled labour and clerical workers. If unskilled and clerical workers return, they may find it difficult to get a job in their occupation.

In the presence of excess demand, the skilled labour, theoretically, should not face any employment problem. However, the return of migrants will put a downward pressure on the wages of the workers in their respective categories. If the wages are not flexible downwards (which is quite likely to be the case), then the skilled persons may also face unemployment problem.

Table 4

*Percentages of Emigrants in Various Occupations*

Occupations	Percentage of total emigrants in the occupation	No. of emigrants (assuming a total stock of 1.25 million emigrants)
(1)	(2)	(3)
Doctors	0.6	7,500
Engineers	2.8	35,000
Accountants	1.1	13,750
Teachers/Professors	0.7	8,750
Bank officers	0.5	6,250
Executives/Managers	0.4	5,000
Salesmen	0.6	7,500
Businessmen & shopkeepers	2.6	32,500
Typists & clerks	2.5	31,250
Storekeeper/supervisors	0.8	10,000
Telephone operators	0.5	6,250
Miscellaneous white collar jobs	2.4	30,000
Carpenters	4.1	51,250
Masons	3.2	40,000
Plumbers	0.4	5,000
Electrician	3.8	47,500
Painters	1.0	12,500
Steel Binder & fixer	0.8	10,000
Mechanics	6.3	78,750
Machine operators	2.1	26,250
Welders	2.2	27,500
Denters	0.7	8,750
Laboratory technicians	0.6	7,500
Air-conditioner mechanics	0.5	6,250
Miscellaneous blue collar jobs	2.0	25,000

Another relevant information in this regard is the regional background of the migrants. About 60 percent of the migrants abroad belong to rural areas. If they decide to come back to the rural areas, their absorption, in a sense, may not be problematic. The agricultural sector is characterized by an institutional arrangement whereby surplus labour can be absorbed so as to avoid open unemployment. This absorption saves workers from many social problems, but from a national point of view it cannot be considered fully productive. Moreover, all of the rural migrants may not

Table 5

*Returning Migrants' Demand  
for Different Occupations*

Occupation	Percentage of Returnees De- manding the Job	Total Number of Jobs Required for the Current Level of 21,000 Returnees per annum
A. Unskilled jobs	8.1	1,700
B. Skilled jobs	37.1	7,790
Construction jobs (Mason, Carpenter, Electrician, Plumber, etc.)	(13.0)	(2,730)
Industrial jobs (Mechanic, Welder Machine operator, Steel fixer, etc.)	(10.0)	(2,100)
Other jobs (Drivers, Tailors, Barber, Service workers, etc.)	(14.1)	(2,960)
C. Clerical jobs	5.3	1,110
D. Business	29.5	6,195
E. Agriculture	12.4	2,605
F. Professional jobs	7.6	1,600
All Jobs	100.0	21,000

like to come back to the agricultural professions. On the other hand, some of the returnees may not enter the labour market as they may like to go into business. Thus the problem of the absorption of returnees depends on the type of work they intended to do.

In the sample of persons who have returned permanently, the demand for different occupations (based on their intention to work) was found to be as shown in Table 5.

Thus about 42 percent of the workers who have returned so far intended to go to business or agricultural sector. For these people the employment problem does not appear to be serious. Business is usually a self-employed occupation and agriculture traditionally has institutional arrangements which can absorb surplus labour. This is not to suggest that the institutional arrangements that we are talking about are desirable. Certainly this kind of absorption is not fully productive and if some alternative employment can be arranged, it will be more useful for the economy. But the arrangements do help to relieve the immediate pressure on the employment situation. It may also be mentioned here that the return of migrants to agriculture at the present rate will not seriously aggravate the problem of disguised unemployment in the agricultural sector and, therefore, does not need a separate policy.

The absorption of professionals, such as engineers and doctors, will also pose no problem, firstly, because they are in short supply in the country and, secondly, because they do not form a large proportion of the emigrants. Thus, another 7.6 percent returnees do not constitute any serious problem.

As mentioned already, the skilled workers are also in excess demand and hence should be able to find jobs easily. This, however, assumes downward flexibility of wages, which does not seem to be very realistic. If wages are not flexible, then the skilled workers will also face difficulties in finding jobs. The information on the employment status of the returnees given in Table 6 lends support to this hypothesis.

Table 6  
*Employment Status of Returnees by Occupation*

Type of jobs (1)	Percentage of return- ees doing the job (2)	Percentage of returnees look- ing for the job (3)	(3) as per- centage of (2) (4)
Professional jobs	6.2	1.4	22.5
Skilled & semi skilled	23.1	13.8	59.5
Clerical jobs	2.4	2.9	120.8
Unskilled jobs	6.7	2.4	36.0
Business	21.9	7.6	34.7
Agriculture	12.4	0.0	0.0
All jobs	72.7	28.1	38.6

The small percentage of the professionals who are looking for job constitutes only "search-unemployment", which is not serious at all. However, the unemployment of skilled and semi-skilled workers is curious because there are no indications of excess domestic supply in these occupations. This cannot all be considered as "search-unemployment", firstly, because the proportion of those unemployed is quite large (60 percent) and, secondly, as shown in Table 7, they remain unemployed for considerably long periods after their return. This evidence lends support to the hypothesis that wages in these categories are rigid downward. Thus, unskilled, skilled and clerical workers will have to be provided jobs. These groups comprise 50 percent of the returnees, which means that at the present rate of return, 11,000 workers per annum will be facing absorption problems.

Table 7

*Percentages of Returnee Migrants in Categories of Time-Period for which they have been looking for jobs in Skilled and Semi-skilled Occupations*

Period for which the Returnee Migrant has been looking for the job	Construction jobs	Other jobs	Total skilled & semi-skilled jobs
Last six month	25.0	38.5	33.3
6 months to a year	37.5	23.1	28.6
More than a year	37.5	38.4	38.1
	100.0	100.0	100.0

**Problem of Maintaining the Standard of Living**

Families of the migrants receive substantial remittances from abroad. When the migrants return, even if they find a suitable job their income is not enough to ensure to their families the same standard of living that they had become accustomed to on account of remittances.

Table 8 compares domestic wages/incomes in different occupations with the remittances that the migrants in those occupations send from abroad.

Table 8

*Annual Domestic Incomes/Wages of an Average Worker Compared with his Annual Remittances to Pakistan by Occupation Groups*

Occupation Groups	Annual Domestic Wages/income (Rs.)	Annual Cash Remittances sent from abroad. (Rs.)	Col.(2) as % of Col.(3)
(1)	(2)	(3)	(4)
Unskilled labour	4,700	15,035	31
Skilled labour	8,000	18,301	44
Service workers	6,500	21,978	30
Clerical workers	6,300	20,000	31
Professional workers	14,500	38,014	38

Source: See [2] Table.2.



Except skilled and professional workers, all other workers normally earn only about 30 percent of what they used to remit from abroad. Skilled labour and professionals would be in a little better position, but still they will be earning only 44 and 38 percent respectively of their remittances. Thus after allowing for the personal expenses of the returnees, there would be very little left for their families as compared to what they used to contribute to them from abroad. We must, however, allow for the possibility of savings out of remittances. If the propensity to save out of remittances is quite high, then the families of the returning migrants may be able to maintain a standard of living closer to their old standard simply by cutting down their savings. Unfortunately, however, the propensity to save out of remittances is not very high for most of the occupations. If we consider only the consumption maintained out of remittances, the position will be as shown in Table 9.

Table 9

*Annual Domestic Wages/Incomes Compared With the Consumption out of Remittances*

Occupation Groups	Annual Domestic Wages/Incomes	Annual Cash Remittances from abroad	Propensity to Consume out of Remittances	Consumption out of Remittance	Col. (2) as % Col. (5)
(1)	(2)	(3)	(4)	(5)	(6)
Unskilled labour	4,700	15,035	0.8	12,028	39
Skilled workers	8,000	18,301	0.7	12,811	62
Service workers	6,500	21,978	0.6	13,187	50
Clerical workers	6,300	20,000	0.6	12,000	52
Professional workers	14,500	38,014	0.5	19,007	76

Source: [2, Chapter 2, Table 3]

It is evident from the data given in Table 9 that even if the returnees spend their entire income from domestic jobs on consumption, the level of consumption of their families will be about 50-60 percent of their previous levels in most of the cases. The unskilled workers will be even worse while the professionals will be slightly better off.

Failure to earn an income that is enough to maintain their standard of living is likely to be quite frustrating. This may also be one of the reasons for their unemployment on their return as they will be looking for better emoluments.

## Chapter 4

## CONCLUSIONS AND POLICY RECOMMENDATIONS

In this study we have made an attempt to arrive at an estimate of the number of repatriate workers on various assumptions. We have also tried to identify the problems associated with the return flow of workers and to make a tentative assessment of their severity.

Our analysis indicates that under the present circumstances there is nothing to get alarmed by. It is always wise to think about the future, try to reduce the element of uncertainty by using best information available and to be at guards against the unforeseen. We hope that this study will make a contribution to that end.

In our judgement, the present volume of repatriation is not very problematic. The total number of persons who have so far returned for permanent settlement has been estimated at 42,000. The total stock of emigrants in the Middle East has been estimated at 1.25 million. Thus, the stock of returnees comprises only 3.4 percent of the stock of emigrants in the Middle East. To give just one comparative statistic (and that is the only one available), a study of the Turkish emigration to Europe indicated that the returnees constituted only 13.2 percent of the total stock of Turkish emigrants in Europe [3, pp. 189].

Similarly, the annual flow of returnees is also very small as compared to the annual outflow of migrants. It has been estimated that in 1979-80, a total of 21,672 persons returned from Middle East for permanent settlement. This inflow is less than 10 percent of the annual rate of outflow of workers to the Middle East. Again, this percentage is not too

high to create any serious problem. We have already pointed out that a significant proportion of returnees find their own process of adjustment without much interference with domestic market conditions. On the basis of a 1980 survey, it has been estimated that in order to tackle the problem of productive reabsorption, 11,000 jobs will have to be created every year. In an economy where every year 500,000 jobs have to be created for the natural additions to the labour force, this does not seem to be a very big task.

The situation can become serious if there is a massive deportation of workers from one country, or more than one country, due to political reasons. Such a possibility exists but is a remote one.

Even in the normal course of things, the annual rate of return will accelerate. The volume of repatriation is a function of the total stock of emigrants abroad and the time period they have spent abroad. With the passage of time, not only the total stock of emigrants abroad will increase but they will also be closer to the achievement of their objective of earnings or savings. Both of these will lead to an increased flow of returnees.

Thus, as far as the problem of the reabsorption of repatriate workers is concerned, there is no pressing need to take any immediate or short-term measures. This does not rule out the need to take long-term measures to face the problem arising out of the return of migrants from abroad. However, the problem of the maintenance of the standard of living of the families of returnees and the problem of proper utilization of repatriated capital need immediate attention.

Some of the policy recommendations that we would like to make are discussed below:

i) *Institution to Monitor Factors Responsible for Returnees*

This institution is required to monitor not only the changing pattern in the demand of occupations abroad but also the immigration policies of host countries. The institution will also keep record of the initial duration for which the workers migrate, their future plans and the likelihood of the extension of their stay according to their plans, keeping in view the demand for labour in the respective countries.

This institution should prepare annual projections of the returning migrants. On the basis of this report, appropriate investment should be planned in projects that will absorb the anticipated number of returnees.

ii) *Mobilization of Productive Savings out of Earnings/Remittances from abroad*

Substantial potential exists to increase savings out of the remittances from abroad. Tapping this potential will reduce the conspicuous consumption of the migrants' families. They will therefore, suffer less from reduced consumption when their members return from abroad. This will also give them an additional source of income to replace foreign income. The increased savings out of remittances will also provide a source for country's development programmes.

It may be a little easier to persuade the migrants rather than their families to save out of their incomes abroad. Special domestic saving schemes can be devised whereby money can be saved only in foreign exchange and in fixed-term deposits of different maturities. Since the deposits will come in foreign exchange, a premium on the normal rate of profit can be added which will simply be the scarcity price of foreign exchange. Such schemes need to be advertised in the host countries extensively, highlighting their features

(particularly their potential for hedging them against the consequences of unexpected return) so that the migrants send a part of their remittances directly into these saving scheme.

iii) *Inclusion of Rehabilitation of Returnees in the Programmes of Overseas Pakistanis' Foundation*

The Overseas Pakistanis' Foundation should prepare projects to utilize the returning human capital. Funds for these projects can come either through subscriptions paid to the foundation or from the capital repatriated by the returning migrants.

iv) *Facilities for Small-Scale Industries*

The returning migrants show great interest in establishing small-scale industries. This is mainly because the bulk of the returning migrants prefer to do their own business from the capital that they bring with them to seeking employment. Proper counselling facilities to help them in this respect should be provided either through Small-Scale Industries Corporation, the Overseas Pakistanis' Foundation or any other appropriate agency.

v) Many returning migrants have been found to be interested in agricultural lands. Development and reclamation of agricultural lands for the emigrants can be planned. The finances for this scheme can come from the repatriated capital or from the remittances.

vi) For the investment of the repatriated capital of those returnees who do not want to initiate their own business, proper investment-counselling is needed. Organizations to pool their capital or to provide guidance need to be developed. The success of private investment companies during the late Seventies suggests that an organized effort in this direction will not only benefit the migrants and their families but will also supplement the country's development efforts.

vii) Streamlining of customs procedure is also a demand of the returning migrants so that they do not face difficulties in importing equipment for initiating business or small-scale industrial ventures.

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