Fears in India as Kuwait looks to cap migrant worker numbers

Reuters, *Kochi/New Delhi/Amman*

With no job or savings, Indian electrician Shibhu Clemance had hoped to return to work in Kuwait - until he learned of a proposal to drastically cut back on migrants in the country.

The 38-year-old, who lost his job in February due to the coronavirus pandemic, is among more than a million Indians in Kuwait, the largest expat group in the Gulf country of 4.4 million.

But after the coronavirus hit oil prices and local jobs, the country is considering new limits that could force about 800,000 to leave and slash their remittances - a crucial lifeline for families back home.

The proposal is in a new bill that would cut the total number of migrant workers in the country by 40 per cent and require that the number of Indians should not exceed 15 per cent of the Kuwaiti population.

"I came to the Gulf and toiled hard to provide a better life for my children. The COVID-19 crisis and now the new Kuwait law have shattered my dreams," Clemance told the Thomson Reuters Foundation by phone from the coastal city of Mangaf.

Before he lost his job in February, he sent 40,000 Indian rupees ($530) to his wife and two children who live in a cramped house in the southern Indian state of Kerala with his in-laws and six other relatives.

Without a home of his own in Kerala and with little hope of finding work in a state that has been receiving India's largest influx of returning migrants, Clemance fears going back to his family.

The government has yet to approve the bill, but the prime minister said last month he wants to cut the expat population of about 3 million.

Assembly Speaker Marzouq Al-Ghanem has proposed a gradual reduction in foreign workers, starting with a 5 per cent cut in numbers and indicated the country needed fewer low-skilled migrants.

Parliament will finalise the bill before the current session ends in October, before sending it to the government for approval.

Indians working in Kuwait sent home almost $4.6 billion in 2017, about 6.7 per cent of the country's total incoming remittances that year, according to World Bank data.

But a global recession in the wake of COVID-19 has decimated jobs and slashed cash flows. The World Bank estimates remittances to India will drop by 23 per cent from $83 billion last year to $64 billion this year.

For Litty Shibhu, Clemance's wife, managing the household and taking care of her large family without the monthly transfer from Kuwait has been tough.

"We are in real trouble since the money stopped coming ... Every day Shibu calls me and shares his sorrows. I'm planning to sell my gold to help him," the 29-year-old said.

"We will virtually be on the street if my husband is compelled to return. I can't even sleep thinking about this." Her concerns are echoed throughout the southern state of Kerala, which has the largest number of people working in the Gulf at about two million, according to a 2018 migration survey by the Centre for Development Studies.

REUTERS/FILE

Migrant workers and their families, who had left during a lockdown, walk at a platform after they returned from their home state of Uttar Pradesh in India.

State data shows 70 per cent of the Indians in Kuwait are from Kerala.

Since the 1960s, remittances from the Gulf have been the backbone of Kerala's economy, making up nearly 20 per cent of the state's gross domestic product, according to the survey.

If Kuwait passes the bill, it could further overwhelm Kerala at a time when it has been scrambling to reintegrate nearly half a million people returning from overseas and other Indian states, migration experts say.

S Irudaya Rajan, a member of the Ministry of Overseas Indian Affairs' research unit on international migration, said the expat bill was a knee-jerk reaction that would fizzle out after the COVID-19 pandemic.

"Even if Kuwait means business it will not have a huge impact on expatriates since most of them concentrate on the 3D jobs dirty, dangerous and demeaning," he said.

"These are categories that local nationals are unlikely to step in and take." A spokesman for India's foreign ministry said it was monitoring developments in Kuwait and the foreign ministers of both countries had discussed the bill.

Robert Mogielnicki, resident scholar at the Arab Gulf States Institute in Washington, D.C., said the impact on remittances would depend on when and how Kuwait enforces the expat quota.

"We're talking about a tremendous demographic transformation. What is clear is that that's not going to happen overnight," he said.

He said Kuwait had historically been slow to enact economic reforms, but the current pressures had brought a sense of urgency.

Last month, the Indian government created a database of the skills and experience of returning migrants to help fill jobs in Indian and foreign companies.

Kerala has already devised a plan for the reintegration of incomers, said Harikrishnan Nampoothiri, chief of NORKA-Roots, a state government agency for the welfare of expats and returnees.

It includes upgrading skills to help people migrate again in the future, a financial scheme of up to 3 million rupees ($40,000) so they can start their own businesses, subsidised loans and mentoring camps.

Yet Vinoy Wilson, a father of three who works as a department store supervisor in Kuwait, had little hope of finding a job in India that would pay enough to fund his children's education and repay the money he borrowed for a new home in Kerala.

Although his salary was slashed by 25 per cent a few months ago, the 40-year-old said it was still enough to cover monthly expenses and send money back home to his mother-in-law.

He said he worried that he would be among the first low-skilled workers to be packed off, meaning he would have to sell his "dream" home.

"I don't know where I will go if I lose my job. I have loans that I can't repay without a steady income," he said.

Eurozone equities rise as EU leaders push for rescue deal

AFP, *London*

Eurozone stock markets pushed higher Monday as EU leaders laboured to pin down a 750-billion-euro ($860-billion) coronavirus rescue package for the battered region.

The euro hit a four-month dollar peak of $1.1468, before paring its gains. Frankfurt equities rose 1.0 percent and Paris added 0.5 percent.

Outside the eurozone, London lost 0.5 percent.

Wall Street was mixed as investors awaited congressional debate on another round of stimulus spending and major earnings releases later in the week.

Sentiment was hit by contrasting developments regarding the coronavirus pandemic.

A spike in new COVID-19 infections forced fresh containment measures -- notably in Australia, Hong Kong and the United States -- and fuelled fears about the stuttering economic recovery.

Meanwhile, two studies offered fresh hope of a potential vaccine, which is the only development that would provide safety to people and allow economies to operate normally.

Revenue collection last fiscal year did not stutter badly as feared

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Economic growth was slowing because of weak investments and exports before the pandemic.

The new VAT law created a lot of confusion and the amendments made closed most of the revenue increasing features of the law, which was passed in 2012.

"Progress on automation of tax administration stalled from the very beginning of fiscal 2019-20. None of these helped revenue mobilisation," Hussain said.

Bangladesh has one of the lowest tax-GDP ratios in the world.

The outlook for the current fiscal year is not that bright.

"A large revenue shortfall relative to the budget target is almost inevitable. Much will depend on the pace of economic recovery, which, in turn, will depend on the trajectory of the virus," Hussain said.

While presenting the budget on June 11, Finance Minister AHM Mustafa Kamal talked about reforms in tax revenue management.

"We have begun implementing the reforms from this year. However, I could not finish them successfully due to the outbreak of coronavirus in the second half of the fiscal year. I would like to continue all these reforms in the coming fiscal year."

The government has given the NBR, which brings about 85 per cent of the revenue for the country, the target to generate Tk 330,000 crore this fiscal year.

Digital Bangladesh held back by service delivery bottlenecks: Robi CEO

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Responding to a query from the audience, Ahmed said it was not possible for Robi under the current regulations to serve like Indian carrier Jio, which has changed the whole telecom ecosystem of the vast neighbouring country.

Jio is holding a unified licence in India, which is prohibited in Bangladesh, as a result of which it can build its own towers, lay its optical cables as required and is not bound to connect with carriers like interconnection exchanges or international gateway operators.

"Multi-layered licences are one of the big challenges in Bangladesh with higher spectrum charge with low return and highest taxes in the world."

Without changing the landscape of the licencing policy, telecom services of the country will not improve, he said.

"We also can cut down the service cost if mobile carriers can build their own infrastructure," Ahmed added.

Bangladesh does not even have the solid foundation to launch 5G services, said Jeanette Whyte, head of public policy for Asia Pacific region of the GSMA, while moderating the event.

Highlights of the "Mobile Economy Asia Pacific 2020" report before the panel discussion also mentioned that the gender gap in telecom service usage was huge in South Asia.

Across the Asia Pacific region, the mobile industry stepped up to the Covid-19 challenge, highlighting the need for a robust digital ecosystem.

The pandemic has had a significant impact on the regional economy as well as on the digital ecosystem, they added.

One area affected is 5G, which is at a crucial early stage and at the cusp of scaling across regions.

With Covid-19 impacting both deployments and uptake, it forecasted a 20 per cent drop in 5G connections in 2020 compared to previous expectations.

Meanwhile, 60 per cent of the region's population was currently without access to mobile internet and the pandemic has highlighted how detrimental the digital divide is, particularly in times of crisis.

With 700 million new mobile internet users expected by 2025, cooperation between the mobile industry and policymakers will prove crucial in ensuring digital resilience and reliable connectivity in the long term.

According to the report, Bangladesh's mobile telecom market was still dominated by the second generation (2G) services while scenarios in other Asia Pacific countries are quite different, predominated by 4G services.

The 2G technology is the mobile communications standard allowing mostly voice calls, text messages and limited data transmission while 4G is more data driven.

By 2025, Bangladesh will be a data-driven market where 4G services will dominate with a 46 per cent share, reads the report published recently.

Bangladesh is positioned below the average standard of the Asia Pacific countries in almost all the parameters and the situation will last long, even after five years, the report's data shows.

Indian ship with transshipment goods reaches Ctg port

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Dhaka and Delhi signed a memorandum of understanding on the use of the Chattogram and Mongla ports in 2015, following years of persuasion from India.

Subsequently, the countries signed an agreement in 2018 and a standard operating procedure (SoP) during Prime Minister Sheikh Hasina's visit to India in October last year.

According to the SoP, goods reaching Chattogram and Mongla sea ports would be carried by four road, rail, and water routes to Agartala (Tripura) via Akhaura; Dawki (Meghalaya) via Tamabil; Sutarkandi (Assam) via Sheola, and Srimantpur (Tripura) via Bibirbazar.

Bangladesh fails to tap global PPE market for lack of testing labs

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The garment sector's contribution in exports amounted to some 85 per cent but other sectors are failing to perform well although they are getting the incentive every year, he said.

The government is going to establish three state-of-the-art technology centers and one design and technology centre for Bangladeshi manufacturing sectors which would work on the adoption and diffusion of modern technology to raise productivity.

For this purpose, Bangladesh Economic Zones Authority (Beza) and Bangladesh Hi-Tech Park Authority (BHTPA) have allotted two plots in favour of the EC4J Project to establish the technology centres.

The EC4J project officials yesterday signed the relevant agreements with Beza and the BHTPA for establishing the technical centres.

The setting up of job-oriented training centres will fulfill the skills gaps in different sectors, said Commerce Minister Tipu Munshi.

He said exports of the leather and leather goods sector were nearing $1 billion as the tanneries had been shifting to a new estate in Savar.

This initiative of the government will mainly supply technical knowhow and skilled manpower, which will enable local exporters into becoming more competitive globally, said Zunaid Ahmed Palak, state minister for ICT Division.

For instance, some 20 lakh refrigerators are sold in Bangladesh in a year but many companies cannot go for producing this electronic home appliance because of a lack of skilled and trained people.

These technical centres will produce the skilled manpower and convey other technical knowledge in ICT business and hardware issues, he said.

The technical centre inside Bangabandhu High Tech Park will also facilitate the creation of manpower for producing semiconductors and biotechnology and health technology products, he said.

Md Obaidul Azam, director of the EC4J project, said apart from plastic goods, IT products and light engineering, leather and leather goods and footwear design would be focused in another technical centre for which the government has already selected a place in Gazipur.

The project objective is to contribute to export diversification and generate more and better jobs in targeted sectors. In line with this objective, the ministry of commerce is implementing the EC4J project with funding support from World Bank.

The project will support private sector companies in these targeted sectors to address some key constraints they face in accessing export markets, enhancing productivity, improving environmental, social and quality standards, and collective infrastructure facilities.

Md Jafar Uddin, commerce secretary, and Paban Chowdhury, executive director of Beza, also spoke.

The future of lending is here. And it is thanks to City Bank and bKash.

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That means in case of early settlement, the interest will be charged based on the number of days the loan has been taken for and not for the whole three months.

In addition, users will be notified through a text message and app notifications before every due date for EMI. City Bank will closely monitor users' loan payment behaviour to determine whether they will be eligible for loans in the future.

To avail the loan under the pilot initiative, eligible users will need to click the "Loan" icon on the bKash app and enter the desired loan amount, which has to be within a limit approved by City Bank.

Users will have to give consent to sharing their KYC information that they have already made available to bKash with City Bank.

After successfully entering the bKash PIN, the loan amount will be instantly disbursed into the user's bKash account.

Ant Group, Chinese e-commerce giant Alibaba's payments arm, will be the technology partner undertaking credit assessment on potential borrowers for this project.

The company, which has a 20 per cent stake in bKash, offers advanced AI-based credit assessment facilities for digital loans offered in different countries, including China, India and the Philippines.

An automated credit scoring system will give an instant decision on whether a user of bKash has qualified for the loan.

The system will read the previous financial bKash transactions -- deposits, withdrawals, mobile recharge and so on -- carried out by a user of the mobile financial service provider.

This means City Bank will give loans to client based on their past financial track record with bKash.