

SOCIO-ECONOMIC CONCERNS OF NITAQAT: A STUDY IN MALAPPURAM DISTRICT IN KERALA

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ABSTRACT

Nitaqat is a government initiative in Saudi Arabia that seeks to enhance employment prospects for Saudi nationals while lowering the nation's dependency on foreign labor. This study looks on the socioeconomic effects of Nitaqat on returnees who have returned home after working abroad in the past. Data from a variety of sources, including collected from the victims of Nitaqat by using a structured questionnaire, academic publications and official reports, were used in the study. The investigation is concentrated on how Nitaqat affects the economic and employment results of returnees. It also makes an attempt to analyze how Nitaqat and their monthly income before and after return are affected on their investment decision.

Keywords: Nitaqat, Return Migration, Socio-Economic Impact

INTRODUCTION

The Saudization or Nitaqat system in Arabic is the newest policy of the Kingdom of Saudi Arabia implemented by its Ministry of Labor where by Saudi companies and enterprises are required to fill up to certain levels. Nitaqat, which aims to replace immigrants with their own citizens, does work. Following the Arab spring, the Nitaqat programme was unveiled in June 2011. Based on the number of citizens employed, companies are classified under the Nitaqat plan into one of four colour categories: blue (premium), green, yellow, or red. (Hussain, 2014).

A major objective of the 2016-announced Vision 2030 changes is to lower the number of Saudis without jobs. Workers from countries like Pakistan, India, the Philippines, and Arab countries like Egypt or Lebanon once made up a sizable majority in the private sector.

Depending on the company, industry, and number of employees, Nitaqat demands that employers in the private sector with more than 9 employees recruit a specific percentage of Saudi citizens. Zoning regulations are not applicable to businesses with fewer than ten employees, but they are still required to hire at least one Saudi national.

Nitaqat regulations must be strictly followed, which will lead to quick job losses and fewer employment options. There are numerous small businesses and enterprises in Saudi Arabia that Keralites operate under licenses under the country's name. (K, 2018). Now, 10% of these businesses' workforces must be Saudi citizens, who must get salaries that are at least three times higher than those of their foreign counterparts. (P, 2015). It is almost impossible to run companies on the licenses given to Saudi nationals. Benami enterprises are subject to strict measures. Most shops run by Keralites are already closed. (K. Dinoop, K. G. Ambady, 2020)

Heat waves could spread over the state as a result of this unanticipated crackdown, which could have a ripple impact on the economy. Employees cut back on their spending when they lose their jobs, and those who are still employed

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start to conserve money as a precaution. When they cut back on their purchases, the many restaurants, clothing, and jewellery companies that depend on them will also see a drop in business. A drop in NRI deposits is largely more likely to affect banks.

Simply, after the implementation of Nitaqat policy in Saudi Arabia many employees from our country especially from Malappuram district were lost their jobs and return back to their native places. It creates many problems in our economy. It reduces the money flow from Saudi Arabia in to our economy and adversely affects the financial and business sector also. Majority of the victims of Nitaqat were started new businesses with their savings and tremendous increases in that sector leads to depression in that sector also. Many of them have not any job at present also. It creates many problems in our society especially in the life style of the rural households.

Objectives of the Study

- To understand the effects of Nitaqat on life style and saving habit of rural household.
- To find whether there is any differences in the purchase behavior, before and after losing their jobs.
- To know how they overcome their employment problems.

HYPOTHESES

Hypothesis 1

Null Hypothesis (H_0): There is no significant relationship between monthly income and investments preferences of respondents before return.

Alternative Hypothesis (H_1): There is a significant relationship between monthly income and investments preferences of respondents before return.

Hypothesis 2

Null Hypothesis (H_0): There is no significant relationship between monthly income and investments preferences of respondents after return.

Alternative Hypothesis (H_1): There is a significant relationship between monthly income and investments preferences of respondents after return.

NEED AND SIGNIFICANCE OF THE STUDY

One of the major issues that workers from many nations who work in Saudi Arabia confront is Nitaqat, also known as Saudization. As a part of the implementation of this policy employees from our country especially from Malappuram district were lost their existing jobs and return back to their native places. It creates many problems in their daily life. It affects in their saving habit, purchase behavior, problem of unemployment etc. This study is conducted to know the effects of Nitaqat on rural household in Malappuram district.

Research design

The research used for the study is descriptive and analytical.

Sample size

The sample size is limited to 100 victims of Nitaqat selected from various areas of Malappuram district.

Population

Population or universe is the aggregate of all Nitaqat victims in Malappuram district.

Sampling method

The respondents are selected by using convenient sampling method.

Source of data

The primary data is gathered from 100 victims of Nitaqat selected from Malappuram district. So, the data are collected from the respondents with the help of questionnaire.

The secondary data are those that have previously been gathered and subjected to the statistical analysis by another party. The secondary data will be collected from the magazines, journal, news paper, reports, websites, etc...

SOCIO -ECONOMIC IMPACT OF NITAQAT

Less employment opportunities and fast job losses were the results of the Nitaqat rules. Keralites run a vast number of small-sized businesses in Saudi Arabia using permits gained in the names of Saudi nationals. Now, 10% of all such enterprises' workforces must be Saudi nationals, who must be paid at least three times more than employees from other countries. Nowadays, it is practically impossible to operate a business under a license issued to a Saudi national. The efforts against such firms forced a number of Keralites-owned and -operated businesses in Saudi Arabia to close. Kerala's economy will be significantly harmed by Nitaqat impacts in Saudi Arabia. The state would experience a severe economic disaster and social upheaval as a result of the abrupt increase in unemployment. The effects of Nitaqat in Saudi Arabia will have a severe negative influence on Kerala's economy. A catastrophic economic crisis and social upheaval in the state will be caused by the abrupt increase in unemployment. The issue will get even worse if Saudi Arabia continues to pursue this strategy and other gulf nations follow suit. The following are the results come under this study:

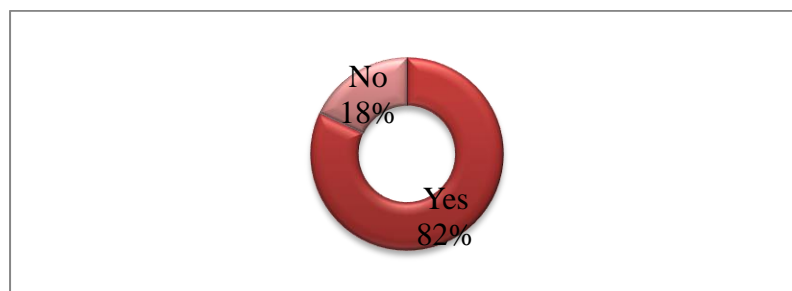


Figure 1: Persons Having Investment before Return

Figure 1 shows that 82% of the respondents have investment before return. The remaining 18% has no investments before return.

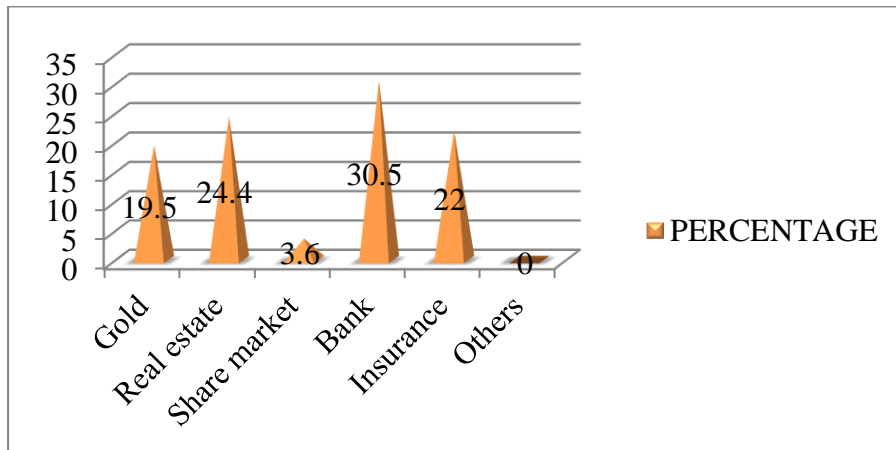


Figure. 2: Investment Avenue Preferred by Respondents before Return

Figure. 2 show that out of 82 % respondents 30.5 % respondents preferred bank as their investment avenue. In addition to above, 24.4% respondents preferred real estate as their investment avenue .Only 3.6% of respondents selects share market for investment.

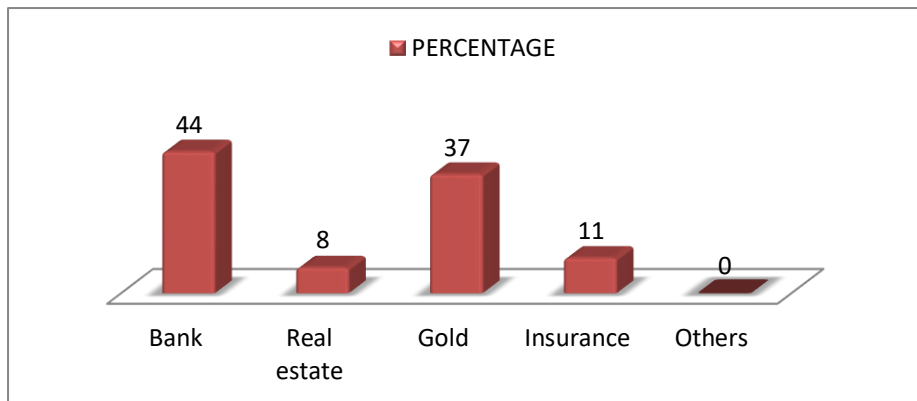


Figure 3: Investment Avenue Preferred by Respondents after Return

Figure. 3 shows that, 44% of the respondents out of 54 respondents having investment preferred bank as their investment avenue after return .In addition, 37% of respondents selects gold and 11% respondents selects insurance and remaining 8% selects real estate as their investment avenue.

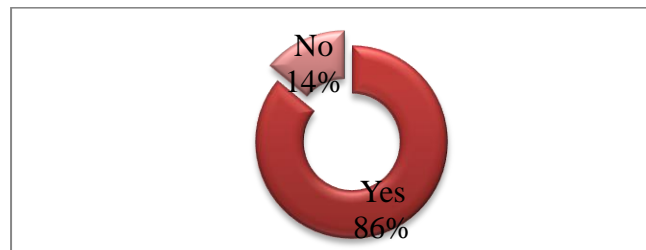


Figure 4: Opinion about Difficulties to Get Employment After Came Back

Figure. 4 reveal that 86% respondents face difficulties to get an employment after return migration .The remaining 14% respondents have no difficulties to get an employment after return migration.

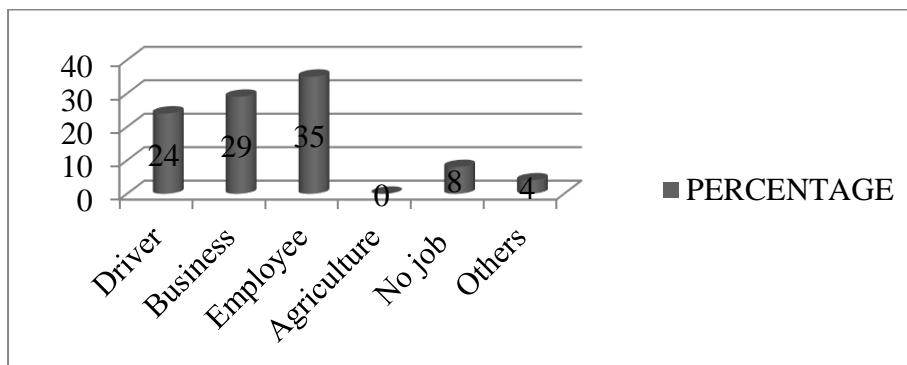


Figure 5: Present Job of Respondents

Figure. 5 show that presently, 35% of respondents working as employee. In addition, 29% of respondents preferred business as their current employment and 24% working as a driver .Only 8% of respondents have no job at present.

Table No.1: Current Monthly Income of Respondents

Monthly Income	No. Of Persons	Percentage
No income	6	6
Below 10000	11	11
10000- 20000	48	48
20000- 30000	30	30
Above 30000	5	5
Total	100	100

Source : Primary data

The table No.1 shows that current monthly income of 48% of respondents fall under the group 10000 – 20000 Rupees. In addition to above 30% of respondents fall under the group 20000 – 30000Rupees .Only 5% have above 30000 Rupees monthly income at present.

Table No 2: Respondents Having Savings after Meeting Basic Requirements

Criteria	No. Of Persons	Percentage
Yes	65	65
No	35	35
Total	100	100

Source : Primary data

Table No.2 says that only 65% of respondents can make savings after meeting their basic requirements. The remaining 35% of respondents cannot make any savings after meeting their basic requirements with their present income.

Table No.3: Level of Satisfaction of Present Job

FACTORS	SATISFACION LEVEL				
	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
	Percentage	Percentage	Percentage	Percentage	Percentage
Monthly income	0	32	4	56	8
Working condition	4	37	15	40	4
Time of work	5	40	3	42	10
Work load & stress	6	9	15	34	36
Respect from co-workers	13	39	24	16	8
Relationship with supervisor	23	53	4	15	5
Safety & Security	8	49	11	28	4
Nature of work	5	25	31	32	7
Responsibilities	8	24	37	27	4

Source : Primary data

Table No.3 shows about the level of satisfaction on present job. It reveals that 56% of the respondents are dissatisfied on their present monthly income and 40% of respondents are dissatisfied with the working condition. In addition, 42% and 36% of respondents are dissatisfied with time of work and highly dissatisfied with work load and stress respectively. In all other factors except nature of work most of the respondents are satisfied.

Table No 4: Opinion on Whether Nitaqat Effect on Children's Education

Criteria	No. Of Persons	Percentage
Yes	76	76
No	24	24
Total	100	100

Source : Primary data

Table No.4 reveals about the opinion on whether Nitaqat effects on children's education. 76% of the respondents are in the opinion that Nitaqat is effects on their children's education. The remaining 24% respondents say that there are no effects of Nitaqat on their children's education.

Table No.5 Opinion on How Nitaqat Effects on the Children's Education

OPINION	FACTORS		
	Shifting from CBSE to Govt. school	Shifting from college/school bus to line bus	Tuition
Strongly Agree	48	26	22
Agree	29	50	30
Neutral	15	16	24
Disagree	4	4	11
Strongly Disagree	4	4	13
Total	100	100	100

Source : Primary data

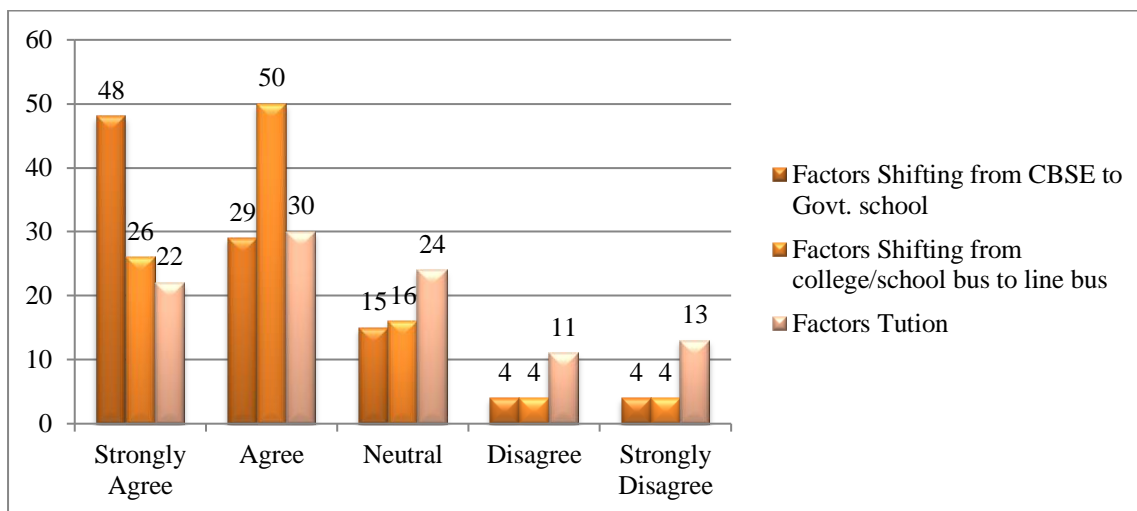


Figure 6:Opinion on How Nitaqat Effects On the Children's Education

Figure. 6 reveals that 48% of the respondents are strongly agree on shifting from CBSE school to Government school and 50% of the respondents are agree in the opinion that shifting children's from college or school bus to line bus.52% of the respondents are agree and strongly agree that Nitaqat effects on tuition of children..

Table No 6:Opinion on How Nitaqat Effects On Life Style of Respondents

OPINION	FACTORS					
	Shopping	Cinema	Tour	Gym	Go for fast food	Donation& Contribution
Strongly Agree	72	20	16	24	40	16
Agree	16	32	45	15	47	51
Neutral	0	44	23	49	5	25
Disagree	12	1	16	12	8	8
Strongly Disagree	0	0	0	0	0	0
TOTAL	100	100	100	100	100	100

Source : Primary data

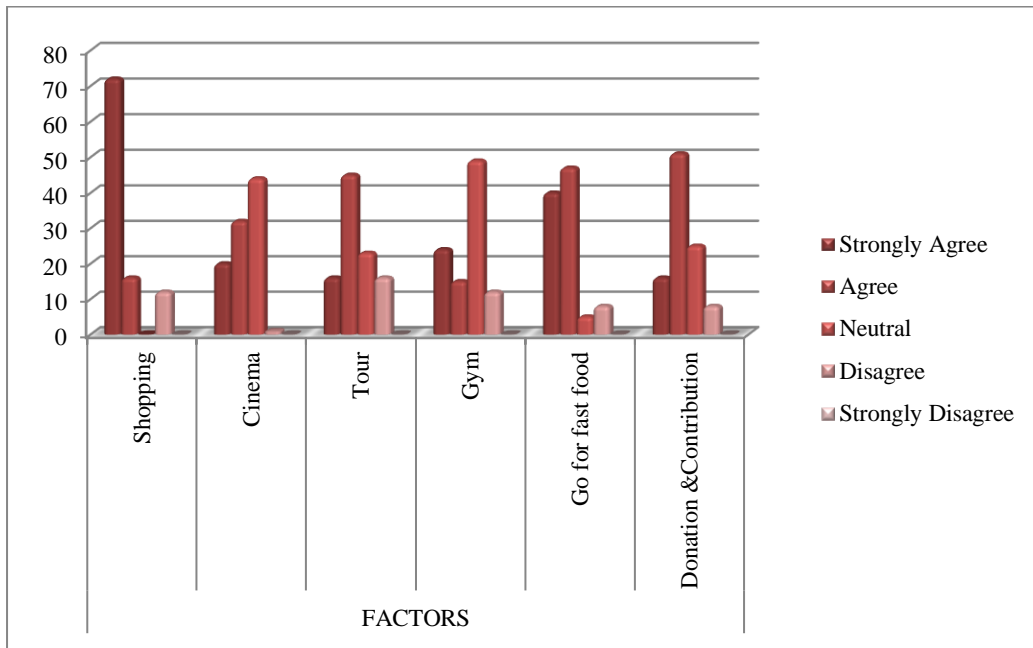


Figure.7: Opinion on How Nitaqat Effects On Life Style of Respondents

Figure. 7 reveals that 72% of the respondents are strongly agree that Nitaqat effects on their shopping and 45% of the respondents are agree with Nitaqat effects on their tour habit. 87% of the respondents in total agree and strongly agree that Nitaqat effects on their going for fast food habit.

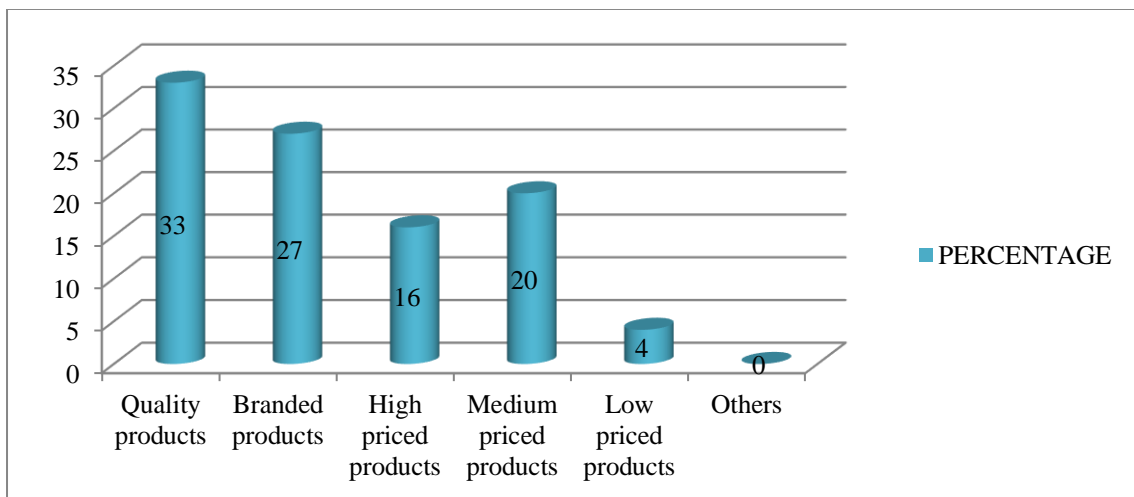


Figure. 8:Types of Products Purchased By Respondents before Return

Source : Primary data

Figure. 8 shows that 33% of the respondents are preferred quality products before return.27% and 16% of the respondents are preferred branded products and high priced products respectively. Only 4% of the respondents purchased low products before return.

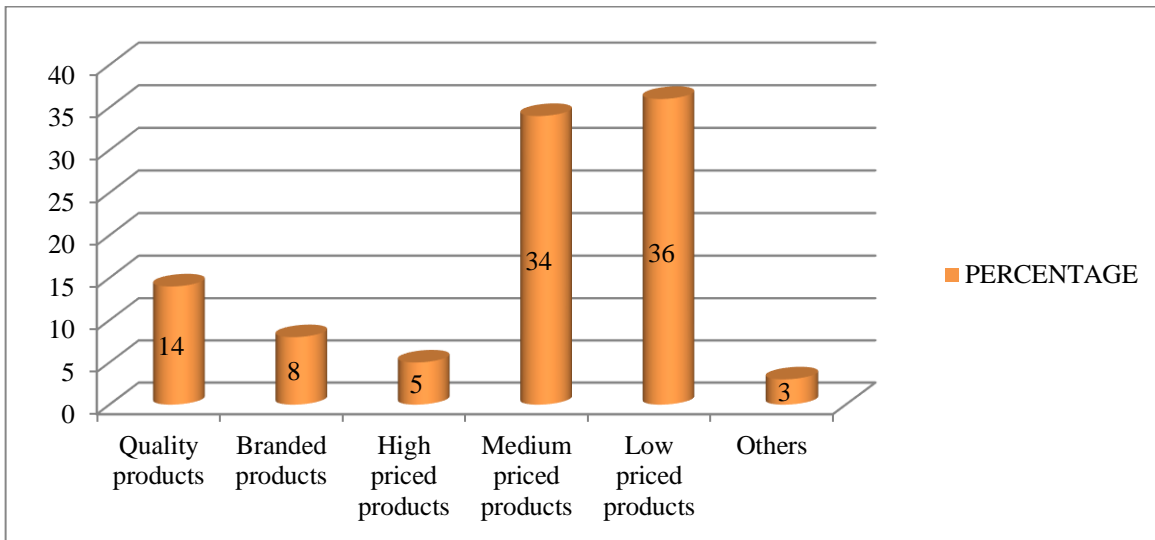


Figure. 9:Types of Products Purchased by Respondents after Return

Source : Primary data

Figure. 9 shows that 36% of the respondents choose low priced products and 34% of respondents choose medium priced products after return.14% of the respondents are still choose quality products and 8% are choose branded products after return. Only 5% of the respondents still choose high priced products.

Table No 7: Opinion on Whether Nitaqat Effects on Buying Behavior of Respondents

Opinion	Factors							
	Vegetables	Groceries	Cosmetics	Luxury goods	Toys	Food items	Cloths& Apparels	Jewelry
Strongly Agree	16	22	63	24	28	51	45	36
Agree	33	50	25	42	36	37	43	44
Neutral	15	20	8	30	17	8	7	20
Disagree	24	8	4	4	19	4	5	0
Strongly Disagree	12	0	0	0	0	0	0	0
TOTAL	100	100	100	100	100	100	100	100

Source : Primary data

Table No. 7 reveals that 63% from the respondents are strongly agree that Nitaqat effects on purchasing of cosmetics.50%, 42% and 36% of the respondents agree that Nitaqat effects on their purchasing of groceries, luxury goods and toys respectively.51% and 45% of the respondents strongly agree that Nitaqat effects on purchasing of food items and clothes respectively.

TESTING OF HYPOTHESIS

To test the hypothesis, chi – square test is used.

Hypothesis 1

H_0 : There is no significant relationship between monthly income and investments preferences of respondents before return.

H_1 : There is a significant relationship between monthly income and investments preferences of respondents before return.

Monthly Income and Investments of Respondents before Return

Monthly Income	Investment Avenues					Total
	Gold	Real estate	Share market	Bank	Insurance	
Below 1000 SR	1	0	0	2	1	4
1000-2000 SR	4	2	1	16	5	28
2000-3000 SR	9	11	1	5	8	34
Above 3000 SR	2	7	1	2	4	16
TOTAL	16	20	3	25	18	82

Chi-Square Test

Level of significance – 5%

Degree of freedom - 12

Calculated value of chi – square = 23.184

Table value at 5% significance level = 21.026

Since calculated value of chi-square is more than table value, H_0 is rejected, that means there is significant relationship between monthly income and investment preferences of respondents before return.

Hypothesis 2

H_0 : There is no significant relationship between monthly income and investments preferences of respondents after return.

H_1 : There is a significant relationship between monthly income and investments preferences of respondents after return.

Monthly income and investments of respondents after return

Monthly income	Investment avenues				Total
	Bank	Real estate	Gold	Insurance	
Below INR 10000	1	0	0	1	2
INR 10000-20000	13	1	7	1	22
INR 20000-30000	9	1	12	3	25
Above INR 30000	1	2	1	1	5
TOTAL	24	4	20	6	54

Chi-Square Test

Level of significance – 5%

Degree of freedom – 9

Calculated chi-square value = 19.813

Table value at 5% significance level = 16. 919

Since calculated chi- square value is greater than table value, H_0 is rejected, that means there is a significant relationship between monthly income and investment preferences of respondents after return.

CONCLUSIONS

The goal of Saudi Arabia's labour market nationalization strategy, "Nitaqat," is to boost the employment of Saudi citizens by limiting the entry of foreign workers. (Basant Potnuru, Pooja Arora, 2023). According to their size and level of economic activity, different quotas have been placed on enterprises as part of Nitaqat. In the Kingdom, foreigners make up the majority of the private sector workforce. As a result, there is an increase in the unemployment rate among Saudi citizens, which is generating unrest in the neighborhood—particularly among young unemployed individuals. The Nitaqat law, which the Kingdom of Saudi Arabia has put into effect, mandates that 10% of jobs need to be filled by Saudi citizens. Saudi Arabia has its own justification behind the implementation of policy. Saudi Arabia alone has a considerable proportion of unemployed citizens, in contrast to other gulf countries. (P, 2015)

The Nitaqat policy's adoption will lead to immediate job losses and fewer work prospects. The economy of the state is negatively impacted. As the workers cut back on their spending as a result of losing their jobs, many businesses that depend on them—particularly those in the jewelry, textiles, and restaurant industries—will also suffer.

From the result of the study, it can be concluded that the Nitaqat policy greatly effects on rural households in terms of their life style, buying behavior, children's education, savings and investments. It makes effect on life style by ways of reducing the expenditure on their shopping, tours, charity and donations, restaurants, etc...It also makes changes in buying behavior by reducing the purchasing of cosmetics, groceries, luxury goods, food items, toys, etc..It makes effects on children's education by shifting their children from CBSE School to Government school, shifting them from college or school bus to line bus and providing tuition. So, it can be says that Nitaqat makes effect on rural households especially on their savings and investments, life style, buying behavior, children's education, etc..

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