

## Impact of COVID -19 On Personal Finance of Gulf Returnees in Kerala\*

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### Abstract

Kerala Gulf migrants are the backbone of the state and their sweat brings development. Due to the COVID-19 pandemic, overall gulf migrant's financial position was down streamed and urge many to return home. This paper tries to find the impact of COVID-19 on their income, consumption pattern, savings, and investment. 150 Gulf returnees were selected through random sampling from the Ernakulam district. Primary data was collected using a questionnaire. Percentage analysis, Chi-square test for goodness of fit, and correlation were used for data analysis. Findings show a decrease in income and savings of most returnees and they spend largely for accessing health care facilities.

**Keywords:** Migrants, COVID-19, Pandemic, personal finance impact

### Introduction

The evolution of disaster coronavirus 2019 in Wuhan, China has led to a tremendous world outbreak and has become a critical public health issue. On 30 January 2020, the Public Health Emergency of International Concern (PHEIC) declared this outbreak. By following this outbreak in Wuhan, China, in late December 2019, the coronavirus disease (COVID-19) has intensified globally. According to the World Health Organization (WHO, 2020), It has been proved in at least 215 countries, areas or territories. The global pandemic of coronavirus 2019, or COVID-19, has unquestionably affected all areas of migration, both its function and provision. Due to the large proportion of returnees from gulf countries, the personal lives and livelihood aspects have been negatively affected.

The gulf migrants from Kerala are considered to be the precious asset and power of the state. It is evidenced that 8.55lakhs population of peoples from Kerala was working in Arab countries, in 2019. Furthermore, according to data from the government, 5.52 lakhs of people had come back to Kerala from gulf provincial considering last of May this duration because of a job loss (Zachariah, K C 2019). From a lot of literature works conducted, it is definite that through Gulf provincials, Keralites scored a lot of international money. The remittance from abroad is generally utilized by the dependants for daily consumption routines, for the purchase of consumer articles, for building the house, for conducting marriage, etc. When they come back to Kerala with idle, many of them are struggling to fill the stomach because of inadequate income and high expenditure on livelihood. To capture financial stability, responsibility, and appropriateness in the financial decisions, people

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should require adequate knowledge and awareness in private finance. So, an education into the personal finance principles would help them to make planning for their income, savings, expenditures, and investment prospects.

**Table 1: Migrant Labours from India in GCC Countries (2015-2019)**

Country	2015	2016	2017	2018	2019
United Arab Emirates	225718	163716	149962	112059	76112
Saudi Arabia	308380	165355	78611	72399	161103
Qatar	59384	30619	24759	34471	31810
Oman	85054	62236	5332	36037	28392
Kuwait	66579	72384	56380	57613	45712
Bahrain	15623	11964	11516	9142	9997

Source:

[www.emigrate.gov.in](http://www.emigrate.gov.in)

According to the Ministry of External Affairs (see Table 1), about 8.5 million Indians are continuing in the Gulf countries. In 2019, 45 percent of Indian workers moved to Saudi Arabia, pursued by UAE (22 percent), Kuwait (13 percent), Qatar (9 percent), Oman (8 percent), and Bahrain (3 percent).

Private finance deals with the monetary execution of each family. The basic purpose of management of personal finance is private monetary freedom achievement. This phase will not develop finance as a barrier to the achievement of the monetary object of persons. That gives a chance to the person to make clever decisions for the management of his money. With precise, personal finance deals through the path in which a person deals his own income and spending to benefit his monetary aims. Thus, appropriate personal financial outlining is inseparable in all family, for gaining monetary control.

The world has been facing the occasional and tremendous calamity of COVID-19 since March 2019. Many of world countries have been gadgets quarantine with lockdown to accommodate corona. It has been spread to 215 countries and overworld territory. The experts in science are not able to wipe this pandemic spread. This created a lot of disturbances regarding health, production and output, finance, economy, travel, employment and unemployment, prices, migration, and deposits and overall economic condition of government. In April, the world monetary view by International Monetary Fund (IMF) discovered that world growth 2020 will fall by (-3) percent. It also pointed out that this will carry the greatest lockdown worst deflation and which will be far worse than the world financial crisis. Reports from 9 June 2020 pictured that India has a total of 266598 confirmed cases and 7471 confirmed deaths attributed to COVID-19

### Consequences of COVID-19 on NRI

There was confusion among migrants from Kerala in Arab countries and others about returning to Kerala and a large number of them made their registration with NORKA (NON-RESIDENT KERALITES AFFAIRS) and other agencies for immediate returning due to disease spread. On 3rd May 2020, the report flourished that migrant want to return including their dependents, persons on short visits, students, etc was 4.13 lakh. This covered 61,009 migrants as unemployed ones, 27,100 persons as visa expired or cancelled, 41,236 as visiting visa expired persons, and 7276 students. From this detail, the number of Gulf Keralites in six provincials viz. Oman and Qatar UAE, Saudi Arabia, Kuwait, Bahrain, was about 3.2 lakh.

The features which prompted Kerala migrants to return to Kerala contain lack of treatment facility, deficiency in hospital beds to admit, inability for capturing costly treatment in private medical sources, scarcity of space, and quarantine facility in labor camp, etc. Belong with the pandemic difficulty, the crude oil price deflation and economic shutdown resulted in immense loss of employment in the short run. It is expected that around three lakh migrant workers may lose their job and come back to Kerala during the crisis if the situation is continuing. Emigration and remittances are the main pillars for Kerala development for the last four decades but which was destroyed by the COVID-19.

### Review Of Literature

A lot of literature works are carried on personal finance and no more works are conducted on the impact of COVID-19 on the personal finance of Gulf returnees. From this aspect's reviews conducted are listed below

Paul G Thacker M D (2014) studied about three backbones of personal finance as Evaluation of Income, Management of debt, and savings. A Case study approach was made to elaborate the review. The object of which is to provide guidelines for radiology residents in the area of private finance and he declared a conclusion that never pays for anything, anyone can do themselves. By seeking proper guidance from a personal finance advisor, personal finance decisions can be properly taken.

Lisa Farrell, Tim R. L Fry, Leonora Rissa (June 2016) identified that self-belief captured by individuals in managing one's own finance is much important than acquiring financial knowledge and literacy in personal finance. According to them, women with greater financial self-efficacy offer higher financial management capability and low self-efficacy leads to hold more debt-related products in saving and investment.

Roland Happ, Manuel Forster (June 2019) identified that respondents with a migration background had less financial understanding than those with no migration experience. Besides, young adults in Germany having the age group of 17-25 are controlled not only for background in migration but also density of German language use.

Anoop Khanna (August 2020) "Impact of Migration of labour force to global COVID-19" discussed the important issues on migrant population because of COVID-19 and he recognized that low-income household groups are most vulnerable to cope with less and no alternate earnings and without social security. Those who are working in unorganized sectors are in the anxiety of unemployment and struggles for getting food security and rampant malnutrition for their children.

B A Prakash ((September 2020) studied about the impact of COVID-19 on all sectors of the Kerala economy like industry and construction. He declared that COVID-19 affects a huge loss of employment to 50-80 percent and most the tertiary sectors registered more than 50 percent of employment loss. More than 2/3rd of self-employed workers is affected by financial crisis, indebtedness, and economic distress.

## **Objective Of the Study**

The aim of the study is the following

1. To analyze the impact of COVID-19 on personal income, savings and investment, and consumption patterns of gulf migrant workers.

## **Statement of the problem**

The present study entitled "a study on the impact of COVID-19 on personal finance of gulf returnees in Karumallor Grama Panchayath" mainly focuses on identifying the spending and saving habits of gulf returnees in Karumallor Grama Panchayath during the pandemic period. The majority of migrants from Kerala in Arab countries are facing a lot of difficulties like inadequate income, lack of investments and savings, and future uncertainty. Also, COVID-19 affected the world human beings especially non-residents. Their income has decreased tremendously along with the increased living costs on their return from the gulf during the pandemic period. In other words, most of the gulfs returned Keralites are striving hard to fight against this situation. In this perspective, it is recommended to view out whether the personal finance of migrants from the gulf is affected during the COVID-19 pandemic period, if yes, at what perspectives? and also the present status they are carrying.

## **Research Methodology**

This current study is based on a survey carried out from 24 March 2020 to 28 February 2021 in Karumallor Panchayat, Ernakulam district, Kerala. Here examines the consequence of COVID-19 on international gulf emigrants from Kerala on personal finance matters. The study is descriptive regarding the socio-economic background of returned Keralite from Arab countries and it interprets and analyses primary data to reach a conclusion

The population under study was confined to Keralites among gulf returnees who returned from 24 March 2020 to 28 February 2021, in Karumallor Grama Panchayat. No absolute figures were available as to the count of gulf returned migrants in this pandemic period. The sample size of 150 gulf returnees was collected at random from 20wards of Karumallor Panchayat, Ernakulam. Both primary and secondary data have been used for the study. The secondary data was collected from working papers, published reports, periodicals, articles, books, and documents. Primary data was collected with the help of a structured questionnaire. The questionnaire was directed to the respondents through personal interviews. Correlation, Chi-square test, and percentage analysis are the tools taken for analysis.

Table 2

**Data analysis and interpretation**

Variable	Particulars	No. of Respondents	Percentage
Educational status	S S L C	76	50.66
	Higher Secondary	18	12
	Diploma	41	27.33
	Graduation	10	6.66
	Post-graduation	5	3.33
	Total	150	100

Source: Primary Data

Table 3

Variable	Particulars	No. of Respondents	Percentage
Reasons for Return	Expiry of Visa	65	43.33
	Retrenchment	33	22
	Voluntary return	48	32
	Expiry of contract	4	2.66
	Total	150	100

Source: Primary Data

Table 4

Variable	Particulars	No. of Respondents	Percentage
Annual Income	50001-70000	31	20.66
	70001-90000	49	32.66
	90001-500000	4	2.66
	Total	150	100

Source: Primary Data

Table 5

Variable	Particulars	No. of Respondents	Percentage
Decrease in income due to covid-19	Yes	136	90.66
	No	14	9.33
	Total	150	100

Source: Primary Data

Table 6

Variable	Particulars	No. of Respondents	Percentage
Decrease of income during COVID-19 period (in%)	Less than 10%	71	47.33
	10%-25%	21	14
	25%-50%	36	24
	50%-75%	4	2.66

	More than 75%	18	12
	Total	150	100

Source: Primary Data

**Table 7**

Variable	Particulars	No. of Respondents	Percentage
<b>Present status</b>	Employed	63	42
	Unemployed	35	23.33
	Doing Business	52	34.66
	Total	150	100

Source: Primary Data

**Table 8**

Variable	Particulars	No. of Respondents	Percentage
Maintaining of Account related to income and expenditure	Always	45	30
	Often	61	40.66
	Occasionally	17	11.33
	Rarely	16	10.66
	Never	11	7.33
	Total	150	100

Source: Primary Data

**Table 9**

Variable	Particulars	No. of Respondents	Percentage
<b>Decrease in savings and investment due to covid-19</b>	Yes	127	84.66
	No	23	15.33
	Total	150	100

Source: Primary Data

**Table 10**

Variable	Particulars	No. of Respondents	Percentage
Decrease in savings and investment during COVID-19 period (in %)	Less than 10%	68	45.33
	10%-25%	31	20.66
	25%-50%	42	28
	50%-75%	4	2.66
	More than 75%	5	3.33
	Total	150	100

Source: Primary Data

**Table 11**

Variable	Particulars	No. of Respondents	Percentage
Preference of Consumption Pattern	Food	35	23.33
	Cloth	8	5.33
	Health care	56	37.33
	Education	33	22
	Others	18	12
	Total	150	100

Source: Primary Data

From table 2 to 11, table 2 depicts the educational wise classification of gulf returnees. And according to that 50.66 percent of respondents cleared SSLC and 27.33 percent of them have diploma. 12 percent of higher secondary education, 6.66 percent of respondents achieved graduation and 3.33 percent are postgraduates. The subsequent table reveals that 43.33 percent of respondents returned to Kerala due to their expiry in visa, 32 percent of returns arise voluntarily from respondents, 22 percent of them retrenched from employer and 2.66 percent returns occurred because of contract expiry.

The majority of respondents (44 percent) income level lies within 50000, 32.66 percent of returnees have an annual income of 70001-90000 and 20.66 percent's income lies with 50001-70000 and only 2.66 percent have income lies between 90001-500000. The next category of returnee's responses sought was based on the opinion of decrease in income during COVID-19 period. And it reveals that 90.66 percent of respondents agreed with the opinion and only 14 percent disagree with the opinion. The lion portion of the returnees argued that less than 10 percent of loss of income occurred during the corona period, 24 percent of them for 25%-50%, 14 percent for 10%-25% loss of income, 12 percent responded for more than 75% of loss in income and 2.66 percent for 50%-75% income loss.

The ultimate classification is based on the present status they are carrying. Based on that 42 percent of respondents are currently employed, 34.66 percent are doing business and 23.33 percent are unemployed. The subsequent table is about maintaining books of account for income and expenditure. On that 40.66 percent of returnees often prepares account, 30 percent of them always maintain accounts, 11.33 of them occasionally maintains it, 10.66 percent of rarely category and 7.33 percent never cares about maintaining of accounts. The data on the opinion of decrease in savings and investment shows that 84.66 percent of respondents agreed with opinion and only 15.33 denies it. Based on the results 45.33 percent argued that less than 10 percent of loss of saving and investment occurred during the corona period, 28 percent of them for 25%-50%, 20.66 percent for 10%-25% loss of income, and 3.33 percent responded for more than 75% of loss in income and 2.66 percent responds for 50%-75% loss of income. It is noteworthy that 37.33 percent of returnees give preference of consumption for meeting health care needs, 23.33 percent preference for food need, 22 percent give preference for education, 12 percent give preference for other purpose and 5.33 percent of respondent give preference for consuming cloths.

**Hypothesis**

**H<sub>01</sub>**: There exists no relation between Education and Annual income of respondents

**Table 12**

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	124.107 <sup>a</sup>	12	.000
<p>a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .11.</p> <p>Source: Primary Data</p>			

Interpretation: The table showing chi-square test for goodness of fit reveals that as the “P” Value is less than 0.05, the null hypothesis is rejected. So that there exists significant relation between Education and Annual Income of respondents. Chi - square at 12 df= 124.107, p<0.05

**Table 13**

Correlations			
		Educational Status	Annual Income
Educational status Pearson correlation Sig. (2-tailed) N			
		1	.652 .000
		150	150
Annual Income Pearson correlation Sig. (2-tailed) N		.652 .000	1
		150	

A Pearson correlation was conducted to examine the relationship between the Education and Annual Income of respondents. And Pearson r data analysis revealed  $r(148) = .65, p = .00$ . That is Education and Annual income are positively correlated indicating respondents with high educational status have high annual income.

**H<sub>02</sub>:** There exists no relation between Education and Preference of consumption

**Table 14**

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.414 <sup>a</sup>	16	.000
a. 17 cells (68.0%) have expected count less than 5. The minimum expected count is .21. Source: Primary Data			

Interpretation: The table showing chi -square test for goodness of fit reveals that as the “P” Value is less than 0.05, the null hypothesis is rejected. So that there exists significant relation between Education and preference of consumption. Chi - square at 16 df= 48.414, p<0.05

Table 15 Correlation			
		Educational status	Preference of Consumption
Educational status Pearson correlation Sig. (2-tailed)		1	.225
			.006

N		150	150
Preference of consumption			
Pearson correlation		.225	1
Sig. (2-tailed)		.006	
N		150	

A Pearson correlation was conducted to examine the relationship between the Education and consumption preference of respondents. And Pearson r data analysis revealed  $r(148) = .22$ ,

$p = .00$ . That is Education and Consumption preference are positively correlated indicating whenever educational status of respondents is increased, their consumption preference is also positively moved with education.

**Conclusion**

From the finding of the study, it is quite evident that a major percentage of returnees have an awareness regarding personal finance and they make plans accordingly. Though most of the respondents have a secondary level of education, they can almost easily manage their income and expenditure owing to their experience gained abroad. They keep sound maintenance of accounts. By doing so, they can control their liability at a noted level. Most of the returnees came back because of the expiry of their visa and they are in a hope of a return to gulf countries at the earliest. Some of the respondents find a difficult to go back because some countries are not yet open for migrants. 42 percent of returnees find employment and the returnees who voluntarily came back are in a position of unemployment. Findings clearly show a majority of returnees claims that less than 10 percent of income, savings, and investments are lost due to corona pandemic and it is noteworthy that they give first preference for accessing health care facility on consumption prospects and which shows their proper care against corona pandemic.

Moreover, it is expected to see changes in the overall condition of drastic loss in finance in the Kerala economy during the COVID-19 period. It is the responsibility of everyone to control finance by themselves and take proper measures to protect ourselves and our loved ones. Personal Finance is everything that one deals with in day-to-day life. By gaining adequate knowledge and practices in personal finance principles, each will be benefited through better management of income and expenditure and thereby maintaining a base for family finance prospects. It is recommended that household expenses should be controlled with the co-operation of all members of the family and regularity in savings and minimalizing investment in non-income generating alternatives may boost up good private finance proceeds. It is better to seek assistance from the state government to enable a saving scheme for gulf migrants with the help of banks and other institutions at the urge of crisis. A deep awareness of the COVID-19 pandemic is a necessity to accommodate returnees though it became a crack point in their lives.

Even though the paper tries to indicate the impact of COVID-19 on income, savings, and consumption patterns of returnees, the majority claims for less than 10 percent of loss in income and savings, it can be concluded that gulf returnees of panchayat have not been much disturbed by the novel corona virus pandemic. Impact on Personal Finance has become more of necessity than a choice during COVID-19.

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