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Issue Brief

Indian Expatriates and Labour Reforms in GCC Countries

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S*ummary*

GCC countries began to reform their labour laws in the aftermath of the COVID-19 pandemic, with some revising or dismantling aspects of the Kafala system to enhance worker protections and adapt to post-pandemic labour market dynamics.

Introduction

With over nine million Indians residing in the Gulf Cooperation Council (GCC) countries—the United Arab Emirates, Saudi Arabia, Kuwait, Qatar, Bahrain and Oman—the region remains a major destination for Indian migrants seeking employment. India is the largest recipient of remittances globally, much of it originating from the GCC.¹ Initially, Indian migrants were predominantly employed in blue-collar sectors, including construction, domestic services and maintenance. However, in recent years, there has been a noticeable shift, with an increasing number of Indians securing white-collar jobs in sectors such as healthcare, finance, education and information technology.

Despite the economic advantages, the migration experience in the GCC is fraught with challenges. All six nations have a monarchic model of governance with limited labour rights, leading to reports of human rights violations, particularly among low-income migrant workers. A significant concern is the controversial Kafala (sponsorship) system, under which a local employer (kafeel) assumes extensive control over a migrant's legal and employment status, often leading to exploitation and abuse, as workers are unable to change jobs or exit the country without their sponsor's approval.

The COVID-19 pandemic further exposed these vulnerabilities, triggering a sharp decline in remittances and widespread reverse migration as thousands of Indians were laid off and forced to return home. In the aftermath, GCC countries began to reform their labour laws, with some revising or dismantling aspects of the Kafala system to enhance worker protections and adapt to post-pandemic labour market dynamics.

GCC Labour Reforms

United Arab Emirates

With a view to diversifying and modernising its economy, the UAE amended its labour laws to align with global standards and respond to post-pandemic workplace requirements. In 2021, Federal Decree Law No. 33 was enacted, replacing prior legislation and introducing several reforms. This laid the groundwork for further modernisation of labour laws. In 2024, additional amendments were introduced under Federal Decree Law No. 9. These reforms emphasise equality among all

¹ Dharendra Gajbhiye, Sujata Kundu, Alisha George, Omkar Vinherkar, Yusra Anees and Jithin Baby, [“Changing Dynamics of India's Remittances – Insights from the Sixth Round of India's Remittances Survey”](#), Reserve Bank of India, 19 March 2025.

workers and equal pay for both genders.² Article 8 formalises the work contract and makes the written version compulsory. Unlimited contracts have been abolished, and the maximum contract duration is limited to three years, which may be extended if the worker continues to work.

Further, Article 7 has identified and defined work categories, including full-time, part-time, flexible, temporary, remote and job-sharing.³ It has also extended maternity leave from 45 to 60 days and introduced additional measures to benefit women employees. Further, in 2025, a labour card, visa, Emirate ID and WPS (Wage Protection System) became mandatory in Dubai and Abu Dhabi, and the worker must be onboarded within five days. It also accentuates the relevance of Emiratization. Two Emirates are now required for a company if the workforce exceeds 50. These reforms reflect the UAE's inclination towards adaptability, modernisation and workforce flexibility, which will boost its economy and make it a labour-friendly nation.

Saudi Arabia

Saudi Arabia has faced backlash for its inflexible laws, and Kafala is often referred to as 'Modern Slavery'. In recent decades, Saudi Arabia's economic diversification strategy has shifted towards a more comprehensive approach. In this regard, the 'New Vision of 2030' was launched, aiming to diversify the economy and empower citizens. Amidst these developments, it has recently amended its labour laws to make them more equitable, structured and transparent.

In June 2025, the kingdom announced the most significant labour reform in its history: the abolition of *Kafala*. The groundwork for this reform was laid by the Labour Reform Initiative (LRI), launched by the Ministry of Human Resources and Social Development (MHRSD) in November 2020 and implemented in March 2021.⁴ First, it removed the requirement that expatriate workers obtain their sponsor's permission to change their employment. Workers gained the right to change jobs without employer consent after completing their contract term, or during the contract with proper notice (typically 90 days for indefinite contracts or upon contract expiration for fixed-term contracts).⁵ LRI permits expatriates to leave the Kingdom permanently without the employer's permission. This removed one of the most

² [“Federal Decree by Law No. \(33\) of 2021 Regulating Labor Relations”](#), Ministry of Human Resource and Emiratization, United Arab Emirates.

³ [“Federal Decree-Law No. \(33\) of 2021”](#), Ministry of Human Resource and Emiratization, United Arab Emirates.

⁴ [“Ministry of Human Resources and Social Development Launches Labor Reforms for Private Sector Workers”](#), Human Resource and Social Development, Kingdom of Saudi Arabia.

⁵ [“Saudi Arabia Introduces Significant Labor Reforms”](#), Jones Day, December 2020.

restrictive elements of the Kafala system that had prevented workers from leaving, even in cases of abuse or non-payment of wages.⁶

Building on the reform of LRI, Saudi Arabia introduced a series of amendments to its labour laws in August 2024, which entered into force in February 2025; however, the implementing regulations have yet to be released. Earlier, under the employment contract, the term was fixed and required renewal upon completion. Under the amendment to Article 37, the duration of employment should be specified in the contract. If it doesn't specify the duration, it will be considered to be one year from the date the employee joins, and if they continue to work after one year, it will automatically be renewed for a similar term.⁷

Further, Article 52 is amended to provide that a unified form of employment contract will be established for each type of employment. In contrast, previously, there was a single form for all kinds.⁸ According to the amended Article 51, all contracts should be written and self-attested, with two copies: one for the employer and the other for the employee.⁹ Even if it is not in writing, it will be deemed valid; in such a case, the worker must prove the existence of the contract. Meanwhile, either party may at any time request a written copy of the contract.

However, the amended labour laws emphasise Saudization of the workforce. Under the amended Article 35, if the employer doesn't fulfil the Saudization quota, the employee's work permit may not be renewed. However, in such a case, the employee won't be affected, as his employment can be transferred to another employee with his permission. In addition, amended Article 42 formalises a structured training and qualification policy for Saudis to enhance their skills and improve their competencies in technical, professional, administrative and other fields. Article 43 further reinstates it by referring to the training quota reserved for Saudis, which the ministry has yet to specify; it was previously set at a minimum of 50 Saudi employees.¹⁰

Kuwait

Kuwait's labour laws continue to evolve to address the changing dynamics of the global workforce.¹¹ Law No. 6 of 2010 constitutes the primary legislation governing labour, which has been amended several times, including by Law No. 90 of 2013. In 2025, a significant modernisation effort was taken through the implementation of Resolution No. 15 of 2025, effective 1 November 2025, requiring all private sector

⁶ [“Saudi Arabia: Labor Reforms Insufficient”](#), *Human Rights Watch*, 25 March 2021.

⁷ [“Employment of Non-Saudi”](#), Labour Law, Ministry of Human Resource and Social Development, Kingdom of Saudi Arabia.

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ [“Kuwait Employment Laws of 2025: A Guide to Kuwait's Labour Law”](#), *Truein*, 2024.

employers to electronically record and submit daily working hours, rest periods, weekly rest days, and official holidays through the Public Authority for Manpower (PAM) dedicated electronic system.¹² This protects the rights of labour by ensuring proper documentation of their overtime and appropriate compensation.

While countries such as Saudi Arabia are relaxing their labour laws for expatriates, Kuwait has instead tightened them through its recent announcement. All migrant workers in the private sector must obtain exit permits from their employers before leaving the country.¹³ Workers must submit a departure request form to their employer, who then processes it through the Ministry of the Interior's digital platforms (the Ashal online portal or the Sahel mobile application). Kuwait also pushes for Kuwaitization of the workforce. A framework for the benefits and recruitment of Kuwaiti nationals has been introduced, along with penalties for non-compliance.

Qatar

Vulnerabilities in Qatar's labour laws were exposed during the pandemic, which accelerated reforms already underway to prepare for the FIFA World Cup 2022. A series of reforms was announced in 2020, transforming the working conditions of expatriate labourers in Qatar. In a groundbreaking move, under Law No. 19 of 2020, Qatar eliminated the requirement for workers to get a No Objection Certificate (NOC) from their employer to change their jobs.¹⁴ They now have the freedom to change their careers, provided they give adequate notice as specified in their contract. They also abolished the exit permit requirement for residents who are seeking to leave the country.¹⁵ These moves dismantled the most restrictive aspect of the Kafala system.

In another significant move in 2021, Qatar became the first country in the region to introduce a non-discriminatory minimum wage applicable to all workers regardless of their nationality or sector. The law established a minimum monthly basic salary of QAR 1,000 (approximately US\$ 275), along with mandatory allowances of QAR 500 for accommodation and QAR 300 for food if not provided in kind.¹⁶ This comprehensive wage protection also extends to domestic workers, making it a landmark reform. It also strengthens its wage protection system, ensuring timely payment of wages to the workers.

¹² [“Kuwait – Electronic Working Hours Regulations Implemented for Private Sector”](#), KPMG, 25 November 2025.

¹³ [“Kuwait's Exit Permit Requirement Puts Migrant Workers at Risk”](#), *Human Rights Watch*, 12 June 2025.

¹⁴ [“Labour Reforms”](#), Government of Communication Office, Qatar.

¹⁵ *Ibid.*

¹⁶ [“Labour Reforms in the State of Qatar”](#), International Labour Organization, 2023.

To ensure the well-being of workers, Qatar has established Workers' Support and Insurance Centres. These centres provide support to migrant workers through services such as legal assistance, dispute resolution and insurance coverage. New labour courts and dispute resolution committees were established to expedite the resolution of labour disputes. These mechanisms have significantly reduced the time required to settle cases and improved access to justice for workers.

Bahrain

In response to post-pandemic economic challenges and increasing unemployment among Bahraini nationals, the government introduced several amendments to its labour law during 2024–2025. These reforms aim to balance financial needs with social welfare and labour market Bahrainization. In December 2024, King Hamad ratified Law No. 14 of 2024, amending the Labour Fund regulations. The amendment restricts the Labour Fund's support exclusively to enterprises that are 100 per cent owned by Bahraini citizens. This measure aims to incentivise Bahraini entrepreneurship but has implications for joint ventures and businesses with foreign participation. While other GCC countries are focusing on relaxing labour laws for expatriates, Bahrain is instead working to preserve economic benefits for its nationals. It is moving towards more restrictive policies, prompting an increasing number of returnees from Bahrain. Proposed rules, such as prohibiting a visit visa from a work visa, limiting the number of foreign workers, and increasing the number of Bahraini workers, reflect a renewed policy orientation.

Oman

Oman introduced comprehensive labour law reforms through Royal Decree 53/2023, which came into effect on 25 July 2023. This new labour law replaced the previous Labour Law of 2003 and represents one of the most significant overhauls of Oman's employment regulations in two decades.¹⁷ The latest amendment abated tenets of *Kafala*. Article 11 of the new law prohibited employers from withholding employees' passports without their written consent.¹⁸ The new law also mandates that all employment contracts must be in writing and registered with the Ministry of Manpower. Contracts should specify a duration of no more than five years, with the possibility of renewal. If it is being renewed, the duration will remain unchanged.

To reduce the workload, workers are now entitled to at least 30 days of annual leave at full pay, which may be taken after completing six months of continuous service. The law also provides for sick leave, emergency leave, and other types of leave, with

¹⁷ [“Royal Decree 53/2023 Issuing the Labour Law”](#), Decree, 25 July 2023.

¹⁸ [“Oman: New Labour Laws Bring Some Protections for Migrant Workers, But Advocates Says More Must Be Done”](#), Business and Human Rights Centre, 14 August 2023.

comprehensive provisions that protect workers' rights during absence from work.¹⁹ The new law also prohibits the employment of persons under 15 years of age and establishes strict regulations governing the employment of young workers aged 15–18. The law also establishes structured procedures for workers to lodge complaints and seek remedies for violations of their rights. Workers can approach labour inspectors, labour dispute settlement committees, and ultimately the courts for the resolution of disputes.

Like other GCC countries, Oman is focusing on the nationalisation of its workforce (Omanization) and reducing dependence on foreign workers. Building on existing laws that focus on the inclusion of the local population in the workforce, Oman has recently amended laws that ban expatriate work visas for more than 200 professions.²⁰ This will affect the expats and foreign investors in Oman.

Indian Expats and Impact of Labour Law Changes

The UAE leads with an Indian diaspora of over 3,554,274, accounting for approximately 35 per cent of the UAE's population, a figure that has doubled over the last two decades. Saudi Arabia follows with over 2,460,603 Indians,²¹ the third-largest Indian diaspora worldwide. The Indian population in Kuwait constitutes over 21 per cent of the population and comprises 30 per cent of the workforce, making them the largest expatriate group.²² Oman has 684,771 Indians (20 per cent of its population), and Bahrain hosts around 323,908 Indians as its largest expatriate community.²³

The COVID-19 pandemic severely impacted Indian expatriates across the GCC, exposing vulnerabilities in job security, living conditions and health risks. Many immigrants lost their jobs and were stranded. The death toll was staggering: 1,237 Indians died in Saudi Arabia, 894 in the UAE, 668 in Kuwait, 555 in Oman, 203 in Bahrain, and 113 in Qatar.²⁴ Many migrants faced job losses and salary cuts, leaving them in difficult circumstances. The Government of India launched the Vande Bharat Mission to repatriate affected workers, bringing back 365,929 Indians from Saudi

¹⁹ Shreyas Patil, “[Oman Employment Law: An Employers Guide to Labour Laws in Oman](#)”, *Truein*, 26 May 2025.

²⁰ “[Oman's New Labour Ban on Expats in 200+ Professions: What It Means for Workers, Tourists](#)”, *The Times of India*, January 2026.

²¹ “[Populations of Overseas Indians](#)”, Ministry of External Affairs, Government of India, 27 March 2025.

²² “[Brief on Indian Community in Kuwait](#)”, Embassy of India, Kuwait.

²³ “[Populations of Overseas Indians](#)”, no. 21.

²⁴ “[Deaths of Expatriates due to COVID-19](#)”, Ministry of External Affairs, Government of India, 10 February 2022.

Arabia, 220,058 from the UAE, 216,910 from Oman, 97,802 from Kuwait, 56,532 from Bahrain, and 30,509 from Qatar.²⁵ The pandemic highlighted the precarious nature of migrant employment, particularly for those working under systems like the Kafala sponsorship system and stringent labour policies, which exacerbated exploitation and limited workers' mobility and rights during the crisis.

GCC Country	NRIs (Non-Resident Indians)	PIOs (Persons of Indian Origin)	Total Indian Population	% of Host Country's Total Population	Key Sectors of Employment
United Arab Emirates (UAE)	3,554,274	14,574	3,568,848	~35-40%	Construction, retail, hospitality, IT, finance, healthcare, education
Saudi Arabia	2,460,603	2,906	2,463,509	~7-10%	Oil & gas, construction, healthcare, engineering, services
Kuwait	993,284	2,244	995,528	~20-26%	Construction, retail, domestic work, healthcare, education
Qatar	835,175	1,609	836,784	~22-25%	Construction, engineering, oil & gas, hospitality, services
Oman	684,771	1,864	686,635	~15-31%	Construction, retail, healthcare, education, and manufacturing

²⁵ “[Coronavirus Disease 2019 \(COVID-19\)](#)”, World Health Organization, 2020.

GCC Country	NRIs (Non-Resident Indians)	PIOs (Persons of Indian Origin)	Total Indian Population	% of Host Country's Total Population	Key Sectors of Employment
Bahrain	323,908	3,899	327,807	~20-22%	Finance, retail, construction, hospitality, healthcare
TOTAL GCC	8,852,015	27,096	8,879,111	~25% of the total GCC population	Multiple sectors across all countries

Source: “[Population of Overseas Indians](#)”, Ministry of External Affairs, Government of India (March 2025 data).

While the reforms in GCC countries are progressive, shifting towards better labour protection and mobility, they pose a challenge by reducing opportunities for expatriates amid a growing focus on nationalising the workforce. On a positive note, the relaxation of Kafala in Saudi Arabia, Qatar and Oman will benefit Indian workers, who constitute the majority of the expatriate population in most GCC countries. These reforms have granted workers unprecedented freedom to change jobs without employers' consent, removed exit permit requirements, and reduced the power imbalance that previously left workers vulnerable to exploitation. Furthermore, recent reforms that prioritise wage protection, equal pay, fixed-term employment contracts, and related measures have formalised the system, reducing the risk of exploitation.

On the negative side, the increasing push towards the nationalisation of the workforce in these countries has affected the Indian workforce, leading to crises in job opportunities in professions where it previously held a significant monopoly. States like Kuwait and Bahrain, with their new laws, have become restrictive about the expats, making them unfriendly towards the expat workforce.

Despite these challenges, remittances from GCC countries to India have shown resilience. India received a record US\$ 135.46 billion in remittances in FY 2024–25, marking a 14 per cent increase from the previous year.²⁶ The GCC region, particularly the UAE and Saudi Arabia, remains a significant source of these

²⁶ Gayatri Nayak, “[Diaspora Remittances Hit New Record at \\$135.46 bn in FY25](#)”, *The Economic Times*, 30 June 2025.

remittances. However, the share from Gulf countries has gradually declined from approximately 54 per cent in FY17 to around 30 per cent in FY24, as remittances from advanced economies like the United States, the United Kingdom and Singapore have grown.

Conclusion

The Indian diaspora in the GCC countries stands at a critical juncture, navigating the complex interplay between progressive labour reforms and increasingly protectionist nationalisation policies in a post-pandemic landscape. The revised labour laws in GCC countries have both positive and negative effects on the Indian diaspora residing in these countries. With over nine million Indians in the GCC, 4.36 million in the UAE alone, any policy shift reverberates significantly through bilateral relations and India's domestic economy. The divergent trajectories within the GCC further complicate the landscape. The UAE and Saudi Arabia have adopted relatively balanced approaches, combining worker protection reforms with pragmatic recognition of ongoing expatriate needs in sectors such as technology, healthcare and finance. Qatar's minimum wage legislation and worker support centres demonstrate a commitment to migrant welfare alongside nationalisation goals. Conversely, Kuwait and Bahrain have pursued more restrictive policies, prioritising national workforce development over expatriate accommodation, thereby making them increasingly unattractive destinations for Indian workers.

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