

Money wages of workers in the private sector who are covered by Wages Boards, as measured by the Labour Department's Index, showed a higher rate of increase in 1978. Wages of workers in agriculture rose by 45 per cent, while workers in industry and commerce saw their wages rise by 24 per cent. The corresponding increases in 1977 were 25 per cent and 8 per cent, respectively. Discounting for inflation, it appears that the real wages rose in this sector. Factors contributing to this were the extension of the pay rise granted to government employees in December, 1977 to the private sector, the increase in the cost of living allowance corresponding to the rise in the Colombo Consumers' Cost of Living Index, the grant of a price-related wage supplement in tea and rubber plantations.

It should be noted, however, that the available wage indices reflect minimum wages of representative grades and that they do not reflect additional emoluments such as overtime payments, increments, bonuses and other incentive payments. There is some evidence that, faced with declining real wages, employees in public as well as private sectors have tended to supplement their nominal incomes by needless 'overtime' work beyond normal hours and by engaging in part-time private vocations, which is reflected by the high degree of absenteeism in normal work places. This is inevitable in situations where inflation is allowed to erode money incomes. Relating wages to productivity and judicious compensation for inflation are more appropriate remedies for this problem than attempts to eradicate such activity by fiat.

EMPLOYMENT

As mentioned in previous Annual Reports, the non-availability of reliable and continuous data is a basic problem in analysing trends in employment and unemployment in Sri Lanka. Important variables such as the total labour force, number employed and unemployed therefore have to be estimated from data obtained from census and sample surveys conducted at irregular intervals. The latest completed data available for these variables are for 1971 and 1973.

According to 1971 Census data, there was a labour force of 4.5 million persons comprising 35 per cent of the population. The Central Bank's Consumer Finance Survey estimates of the labour force in 1973 were slightly higher. The age structure and the age specific activity rates in the population indicates that by 1978 the total labour force had increased to 5.6 million, which was 39 per cent of the estimated population for 1978.

The census data revealed that the number unemployed in 1971 was 839,246 and the corresponding figure according to the Consumer Finance Survey estimates for 1973 was one million. The provisional data obtained from the on going Central Bank Consumer Finance and Socio Economic Survey which commenced in October, 1978 revealed that by the end of 1978 the number of unemployed persons was around 900,000, indicating a drop in the ranks of unemployed since 1973. This data, however, should be used with much caution as an indicator of the level and trends in unemployment, as they are derived from the first lap of the first round of the Survey which covered only fourteen districts of the country during a period of depressed activity in the rural sector.

The Central Bank's annual survey of employment in the public sector shows a high increase in employment in government departments in 1978. Employment in government departments rose by 23,438, an increase of 5.5 per cent. The main avenues of new employment have been in teaching (6 per cent) in minor employees grades (6 per cent) and in subordinate grades (5 per cent). In semi-government institutions (public corporations and statutory boards) employment increased by 35,439 or by 6 per cent. Of this, 73 per cent was in minor employee grades while 25 per cent was in subordinate grades.

In the absence of adequate data, the number of active accounts with the Employees' Provident Fund have been used as a proxy to measure the annual change in employment in the institutionalized private sector. In 1977, the number of active accounts increased by 73,309 as against a decline of 34,403 in 1976. This includes an increase of 48,676 (20 per cent) in the plantation sector, 13,132 (9 per cent) in the manufacturing sector and 6,907 (10 per cent) in the services sector. In 1978, the number of accounts increased by 77,292, which is an increase of 9 per cent over 1977. Discounting for new employment generated in semi-government institutions which contribute to the Fund, the number of new jobs generated in the organised private sector in 1978 could be estimated at 43,369 representing a growth of 5 per cent. The corresponding figure for 1977 was 43,015.

The above data indicate that employment generation in government departments, semi-government institutions and in the organised private sector would be around 102,000 in 1978 as against 40,000 in 1977. However, these figures do not include replacement of those who left these sectors either on retirement or on other grounds such as by discontinuance. They also do not include employment creation in the non-institutional private sector and in the domestic agricultural sector, for which estimates of employment creation are not available.

A recent Survey has revealed that by the end of 1978, there were nearly 20,000 Sri Lankans working in the Middle East. The problems that could arise from such emigration of skilled personnel, as well as of the formally educated, were spotlighted in the last Annual Report. Attempts made to train new technicians by the public sector appears to be inadequate; private sector, given adequate incentives, might be able to do better.

The Income Support Scheme which was announced in the Budget speech for 1978, which contemplated the payment of a monthly allowance of Rs. 50 to certain categories of unemployed, commenced operation during the latter part of the year. The number of beneficiaries of this scheme as at the end of the year was 372,684 and the financial involvement was Rs. 114 million.

In 1978, an Employment Data Bank Scheme was established in place of the Employment Exchanges which prevailed for the last few decades to channel job-seekers to available vacancies. The main function of the new Scheme was to co-ordinate the recruitment of employees below-staff rank to the state services, public sector and local government institutions.