

WAGES

Available data indicate that the money wages of government employees have risen faster in 1979 than in 1978. The money wages of technical and clerical employees increased by 16 per cent, as against an increase of 12 per cent in the previous year. In the case of minor employees and school teachers, the increase in money wages were 21 and 15 per cent, respectively, compared to an increase of 16 and 10 percent, respectively in 1978. These increases arose out of a wage rise of 10 per cent of the consolidated salary granted in January and a further supplementary allowance of Rs. 55 per month given in September.

The real wages of government employees, using the Colombo Consumers' Price Index as the deflator, showed a lower rate of increase than the money wage rates. However, this was an improvement over 1978, when real wages tended to decline. The real wages for technical and clerical employees increased by 5 per cent, while it remained constant in the previous year. The real wages of school teachers which dropped by 1 per cent in 1978, increased by 4 per cent in 1979, while that of minor employees rose by 9 per cent, as against an increase of 4 per cent in the previous year.

In 1979, the money wages of private sector employees covered by Wages Board regulations, rose by 27 per cent. The money wages of workers in agriculture recorded an increase of 28 per cent, while the index for workers in industry and commerce rose by 17 per cent. When the increases in money wages were discounted by the Colombo Consumers' Price Index, the real wages of workers in agriculture showed an increase of 15 per cent, while that of the workers in industry and commerce rose by 5 per cent.

It should be noted, however, that the Central Bank wage rate indices for government employees are based on minimum salaries and wages payable in representative scales. The Labour Department's indices of workers in agriculture, industry and commerce covered by wages boards in the private sector are based on minimum wages fixed by wages boards, and since December, 1967 include "devaluation allowances". Thus, the wage indices would not reckon overtime and incentive payments. Even allowing for these, the inference that general price increases in 1979 were much higher than what is indicated in the Colombo Consumers' Price Index, would show that real wages outside the agricultural sector declined in 1979.

EMPLOYMENT

The non-availability of regular and complete data is a major limitation to analyzing changes in employment in Sri Lanka. Important variables such as the total labour force, number employed and unemployed used in this analysis are, therefore, only estimates based on data obtained from Census and Sample Surveys conducted at irregular intervals.

The 1971 Census indicated a labour force of 4.5 million persons, which constituted 35 per cent of the population. The estimate of the labour force according to the Consumer Finance Survey conducted by the Central Bank in 1973 was slightly higher than this figure. The preliminary data obtained from the first round of the Central Bank Consumer Finance and Socio-Economic Survey in 1978 revealed a labour force of 5.7 million, which was 39 per cent of the estimated population for 1979.

The Census data indicated that there were 839,246 persons unemployed in 1971, and the corresponding figure according to the Consumer Finance Survey estimate for 1973 was one million. The unemployed in 1978, according to preliminary data of the first round of the Consumer Finance and Socio-Economic Survey was 874,000, indicating a 13 per cent decline in unemployment. A comparison of this latest data along with the results of the 1973 Consumer Finance Survey is given below:-

TABLE 1 . 13

Unemployment as Percentage of Workforce

Sector	1973	1978
Urban	32.1	21.2
Rural	24.5	15.4
Estate	12.0	5.4
All Island	24.0	15.3

Source: Central Bank of Ceylon.

An important limitation in interpreting the above data should be borne in mind: namely, that the surveys covered two different seasons. Whereas the first round of the 1978-79 survey was conducted during the last quarter of 1978, the 1973 survey was done in the first two months of 1973. Subject to this qualification, it appears that unemployment in the country had fallen from 24 per cent of the workforce in 1973 to 15 per cent in 1978. Unemployment in the estate sector, which was already the lowest in 1973, has shown the largest decline, and has reached 5.4 per cent of the workforce in 1978. Unemployment in the rural sector continues to be lower than that in the urban sector, and has declined from 24 per cent in 1973 to 15 per cent in 1978. Unemployment was most severe in the urban sector, although it has declined from 32 to 21 per cent.

District-wise analysis of unemployment indicated a regional pattern. The highest unemployment rates were in the South-West coastal belt. The districts of Colombo, Kalutara, Galle, Matara and Hambantota had unemployment rates ranging from 17 to 21 per cent. The other area of high unemployment was the mid-country region, comprising the Kandy, Matale, Ratnapura and Kegalle districts. Nuwara Eliya and Badulla, the main high-grown tea areas, had relatively low unemployment. The "dry zone" areas (Anuradhapura, Moneragala, Vavuniya) had the lowest unemployment rates.

TABLE 1.14
Unemployment by Districts - 1978

District	Unemployment as % of workforce	District	Unemployment as % of workforce
Colombo	20.2	Mannar	n.a.*
Kalutara	17.0	Vavuniya	4.3
Galle	21.2	Trincomalee	11.9
Matara	20.1	Batticaloa	n.a.*
Hambantota	18.8	Kandy	15.0
Moneragala	4.8	Matale	12.9
Amparai	n.a.*	Nuwara Eliya	9.3
Polonnaruwa	n.a.*	Badulla	9.4
Anuradhapura	3.9	Ratnapura	11.0
Puttalam	9.5	Kegalle	21.7
Jaffna	10.8	Kurunegala	13.6

Source: Central Bank of Ceylon.

* Data could not be collected due to the 1978 cyclone.

Classification by educational categories indicated that unemployment was most severe among those with a secondary education, (i.e. 'Secondary education', 'Passed G.C.E. 'O' Level', and 'Passed G.C.E. 'A' Level'). Unemployment among those with higher education ('passed degree') was very low. This category has shown the most significant decline in unemployment (80 per cent) during the 5 year period.

TABLE 1.15
Unemployment Classified by Educational Category

Educational Category	Unemployment as % of workforce	
	1973	1978
No schooling	7.9	4.0
Primary	14.1	7.2
Secondary	37.1	21.9
Passed G.C.E. (O.L.)	47.4	29.2
Passed G.C.E. (A.L.)	44.4	31.7
Passed Degree	16.2	3.2

Source: Central Bank of Ceylon.

The survey data also show that unemployment among females was more severe than among males, and this has been aggravated in 1978, when compared with 1973. In the case of males, the rate of unemployment as a percentage of workforce declined sharply from 18.9 per cent in 1973 to 9.6 per cent in 1978. The rate declined only from 36.4 per cent to 25.6 per cent for females. An age-wise classification also revealed that unemployment was highest in the age group 19 - 25 years (25 per cent) while it was lowest in the age group 46 - 55 years (0.8 per cent). However, a sharp decline in the unemployment rate is seen in the age group 14 - 25 years.

TABLE 1.16

Unemployment Classified by Age Category

Age Group (years)	Unemployment as % of Workforce	
	1973	1978
14 - 18	65.8	23.6
19 - 25	47.5	24.9
26 - 35	15.2	11.5
36 - 45	3.9	4.1
46 - 55	1.2	0.8

Source: Central Bank of Ceylon.

According to the Central Bank's annual survey of employment in the public sector, employment in government departments increased by 33,713 or by 5 per cent in 1979. Of this increase, 39 per cent was in subordinate grades, 29 per cent in teaching, and 24 per cent in minor employees grades. In semi-government institutions (Public Corporations and Statutory Boards) employment increased by 89,385 or by 14 per cent. Of this, 83 per cent was in minor employees grades and 14 per cent was in subordinate grades. There was a substantial increase in employment in public sector plantations of 61,000 or 13 per cent. More than two-thirds of the increase in employment in the semi-government sector occurred in the state plantations.

The number of active accounts with the Employees' Provident Fund, which has been used as a proxy to measure annual changes in employment in the institutionalized private sector, indicated that the number of active accounts in 1979 increased by 102,479 or by 10 per cent. When the increase in employment in semi-government institutions contributing to the fund is deducted, the net increase in employment in the private sector in 1979 could be estimated at 22,525.

The above data indicate that, increase in employment in government departments, semi-government institutions and the organised private sector in 1979 was around 136,000 as against 145,000 in 1978. This figure, however, does not include employment creation in non-institutional private sector and in the domestic agricultural sector, for which data are not available.

Available data indicated that there was an acceleration in the exodus of Sri Lankans seeking employment in Middle Eastern countries during 1979. As some of this migration would cause shortages of domestically available skills, the educational authorities will have to undertake a major training programme at the school level. Also, experience of other countries in similar circumstances have shown that the later return of this migratory labour creates considerable socio-economic problems. Resettlement of these workers in productive domestic employment in the near future should, therefore, deserve early attention.

FOREIGN TRADE

Sri Lanka's balance of trade (on the basis of Customs data) registered a deficit of Rs. 7,287 million (SDR 362 million) in 1979, following a deficit of Rs. 1,480 million (SDR 100 million) in 1978. When Customs data are adjusted for the imports and exports by certain government agencies which get recorded after a