

7. POPULATION, LABOUR FORCE AND EMPLOYMENT

7.1 Overview

In 1999, the growth rate of the mid year population increased, consequent on higher net migration. Both the crude birth rate and the crude death rate declined further during the year. The rate of unemployment continued to decline, with growth in both private sector and public sectors. The proportion of public sector employment in total employment increased, indicating a deviation from the recent trend of a declining share of public sector employment. Tentative estimates indicate that the economy created about 85,000 – 90,000 new employment opportunities in 1999. The problem of high unemployment among the youth continued to be a prominent feature. Placements abroad for employment increased to 178,000 in 1999.

7.2 Population

The mid year population in 1999 is provisionally estimated at 19,043 thousand, indicating a population growth of 1.4 per cent over 1998 compared with 1.2 per cent in the previous year. The higher population growth resulted from an increase in net in-migration. The natural increase in the population, i.e., births less deaths, declined to 209,000 persons in 1999 from 215,000 in 1998. Meanwhile, net in-migration increased to 60,000 persons in 1999 from 7,000 in the previous year. This resulted in an addition of 269,000 persons to the mid year population in 1999. The density of population, which is the number of persons per sq. km. of land, increased from 299 in 1998 to 304 in 1999.

Following the past trend, both the crude birth rate and the crude death rate continued to decline in 1999. This has led to a further of ageing of the population with a continuous increase in the share of the old aged. The share of the

population in the age group 60 years and above in the total population is projected to increase to about 18 per cent by 2021 from 8 per cent in 1991. In contrast, the population share in the age group below 15 years is expected to fall from 31 per cent to 19 per cent during this period. Accordingly, the index of ageing of population, i.e., the number of persons aged 60 and over, per hundred persons in the age group of 0-14, is projected to increase from 26 in 1991 to 95 by end of next two decades. The resulting increase in old age dependency will require a planned social security system to care for the elderly. The health care system would need to be geared to cope with health problems of the elderly. It would also be necessary to develop institutional means of caring for the aged since the traditional means of an extended family system alone may not be adequate. The promotion of retirement benefit schemes such as contributory pensions, insurance plans and provident funds would also be a prime need for the caring of the elderly in order to avoid imposing an excessive burden on the working population and an erosion of the standard of living of the aged.

7.3 Labour Force

The labour force is the segment of population available for current production activities and represents the total supply of labour in the labour market. A large proportion of the labour force is employed in the on-going economic activities with the rest either actively seeking or awaiting employment. The unemployed consist of the excess supply of labour over the total demand for labour at current wage rates. Every year, school leavers join the labour force; those reaching retirement age leave the labour force. The demand for labour is determined by the level of economic activity.

TABLE 7.1
Basic Demographic Indicators

Year	Mid-Year Population '000	Population Growth(b), %	Crude Birth Rate per 1,000 (b)	Crude Death Rate per 1,000 (b)	Net Migration per 1,000 (b)
1990	17,015	1.1	21.1	6.1	-3.7
1991	17,267	1.5	19.7	5.6	0.8
1992	17,426	0.9	20.8	5.7	-5.9
1993	17,646	1.3	20.4	5.6	-2.2
1994	17,891	1.4	20.2	5.5	-0.8
1995	18,136	1.4	19.4	5.6	-0.1
1996	18,336	1.1	18.7	6.4	-1.4
1997(a)	18,552	1.2	18.5	6.2	-0.5
1998(a)	18,774	1.2	17.8	6.2	0.4
1999(a)	19,043	1.4	17.0	5.9	3.2

(a) Provisional

(b) Derived from the mid-year population estimates provided by the Registrar General's Department

Sources: Registrar General's Department
Central Bank of Sri Lanka

According to the Sri Lanka Labour Force Survey of the Department of Census and Statistics, the average household labour force in the first three quarters of 1999 is estimated to be around 6,646,000 persons. The labour force participation rate (the ratio of labour force to household population aged 10 years and above) was 51 per cent. It

to the definition adopted in the Labour Force Survey, an employed person is one who worked for pay, profit or unpaid family gain for one hour or more during the week preceding the survey. Persons who are temporarily absent from work due to factors such as illness, bad weather and labour-management disputes are also considered as employed.

TABLE 7.2
Labour Force Participation

Period	Household Population(a) '000 Persons	Labour Force '000 Persons	Employed '000 Persons	Unemployed '000 Persons	Labour Force Participation Rate(b), %
1990	11,574	6,001	5,047	954	51.9
1994	12,493	6,079	5,281	798	48.7
1995	12,736	6,106	5,357	749	47.9
1997	12,871	6,266	5,608	658	48.7
1998(c)	12,885	6,634	6,005	629	51.5
1st Quarter	12,878	6,647	5,946	701	51.6
2nd Quarter	12,883	6,574	5,951	623	51.0
3rd Quarter	12,888	6,693	6,086	607	51.9
4th Quarter	12,892	6,621	6,036	584	51.4
1999(d)	13,075	6,646	6,065	582	50.8
1st Quarter	12,896	6,739	6,159	580	52.3
2nd Quarter	13,128	6,495	5,943	552	49.5
3rd Quarter	13,202	6,705	6,092	613	50.8

(a) Household population aged 10 years and above. Excludes armed forces and population in institutions

(b) Labour force as a % of household population

(c) Average for four quarters

(d) Average for three quarters

Source: Department of Census and Statistics

should be noted here that the increase in the labour force participation rate since 1998 is partly a result of the expansion of the data coverage by the Department of Census and Statistics to include unpaid female family workers in the labour force.

7.4 Employment

On average, nearly 91 per cent of the labour force was in employment in the first three quarters of 1999. According

Employed persons are categorised into employees, employers, self-employees (own account workers) and unpaid family workers.

According to the Survey, total employment rose from 84 per cent of the labour force in 1990 to 91 per cent by the end of the third quarter 1999. The major employment generating sectors were manufacturing, light engineering, construction, transportation and communications, trade, food outlets and catering, automobile repair services and personal

TABLE 7.3
Source of Employment

Period	Public Sector	Private Sector Employee	Employer	Self-Employed	Unpaid Family Worker	Total
1990	21.5	33.7	1.8	29.2	13.8	100
1994	16.4	44.3	2.3	27.2	9.8	100
1995	15.6	44.3	2.5	28.3	9.4	100
1997	15.1	44.3	2.3	28.8	9.4	100
1998(a)	13.9	40.5	2.0	29.4	14.2	100
1st Quarter	13.1	41.8	1.7	28.8	14.7	100
2nd Quarter	14.4	41.6	2.3	28.7	12.9	100
3rd Quarter	14.5	41.1	1.9	29.0	13.5	100
4th Quarter	13.7	37.6	2.0	31.0	15.7	100
1999(b)	14.5	42.4	2.0	28.3	12.8	100
1st Quarter	15.0	39.7	1.6	28.8	14.9	100
2nd Quarter	14.8	42.2	2.4	28.3	12.3	100
3rd Quarter	13.8	45.3	2.0	27.8	11.1	100

(a) Average for four quarters

(b) Average for three quarters

Source: Department of Census and Statistics

TABLE 7.4
Public Sector Employment

Year	Government Institutions(a)	Semi-Government Institutions(b)	Total
1990	649,000	703,200	1,352,200
1994	699,898	625,266	1,325,164
1995	737,504	569,484	1,306,988
1996	752,194	409,278	1,161,472
1997	762,067	309,633	1,071,700
1998(c)	790,492	300,654	1,091,146
1999(c)	822,122	298,248	1,120,370

Source: Central Bank of Sri Lanka

(a) Central Government, Local Government and Provincial Councils

(b) State Corporations, Boards and Authorities

(c) Provisional

services. The expansion of small scale business enterprises contributed significantly to employment generation. This is reflected in the expansion of the non-employee categories of self-employed and unpaid-family workers who are engaged in small scale business activities. This category represented nearly 41 per cent of total employment in 1999, a significant expansion compared with a share of 37 per cent in 1994.

The share of the public sector (government and semi-government) in total employment has been declining due to the ongoing privatisation and restructuring programmes of semi-government institutions and a faster expansion of the private sector. This trend reversed somewhat in 1999. According to the Labour Force Survey of the Department of Census and Statistics, the share of the public sector in total household employment had declined from 21 per cent in 1990 to 14 per cent in the third quarter of 1999. However, the share of public sector employment increased to 14.5 per cent during the first three quarters of 1999, compared with 14 per cent during the first three quarters of 1998. According to the annual employment survey conducted by the Central Bank, employment in the public sector covering the central government, provincial and local governments and semi-government institutions such as corporations and boards, is estimated at 1,120,000 persons in 1999, an increase of 3 per cent over the previous year. Of the total increase in 1999 amounting to around 29,224, nearly 10,000 were graduates recruited under the Graduate Training Programme. Employment in government institutions in 1999 was 822,000, an increase of 4 per cent from 1998. Employment in semi-government institutions declined by about 1 per cent to 298,000 in 1999.

The majority of public sector employees (85 per cent) were in-regular cadres (inclusive of employees on probation); the other employees were under contractual and other non-regular categories. This share dropped by nearly 1 per cent in 1999. Employees in staff officer/executive grade and professional grades, inclusive of doctors, engineers, teachers and others, were 30 per cent of total public sector employees whereas non-minor employee grades constituted 51 per cent.

The percentage of minor employees in total public sector employment declined marginally in 1999.

According to the Board of Investments (BOI), enterprises operating under the BOI generated direct employment for nearly 32,700 persons during the year. Enterprises in textile and garment industries contributed nearly 84 per cent of new employment in ventures operating under the BOI.

7.5 Unemployment

According to the Labour Force Survey, the rate of unemployment continued to decline. The rate, which had declined from 15.9 per cent in 1990 to 9.5 per cent in 1998, was 8.8 per cent during the first three quarters of 1999. The measure of unemployment is based on the current status or labour force activity during a one week reference period. To a certain extent, there is an ambiguity of a downward bias of the rate of unemployment due to two factors, namely, inclusion of unpaid family workers in the employed work force and the short reference period (one week) in the survey. This downward bias is more prominent since 1998 due to a change of definition made in the survey to include unpaid family workers in the employed labour force. Accordingly, some unpaid family workers such as housewives, particularly in the rural sector, who are engaged in family income generating activities but were counted as 'not in the labour force' in the previous surveys have been included as employed since 1998. Due to this adjustment, there is a downward bias in estimating the proportion of the unemployed after 1998. However, the declining trend in unemployment is apparent even when unpaid family workers are excluded from the labour force. This adjusted unemployment rate declined from 18 per cent in 1990 to 10.2 per cent in the third quarter of 1999. The declining trend in unemployment was evident even when employed and unemployed persons were identified on the basis of labour force activities of persons during a one year reference period. Under this definition in the Survey, a person was considered unemployed if he/she had no employment for a period of twenty six weeks or more during the period of twelve months preceding the survey. The unemployment rate corresponding to this definition also recorded a noticeable decline from 17.4 per cent in 1990 to 10.2 per cent in the third quarter of 1999.

Both male and female unemployment rates have declined, female unemployment rate at a faster rate. The female unemployment rate declined from 23.4 per cent in 1990 to 12.6 per cent in the third quarter of 1999 whereas the male unemployment rate fell from 11.8 per cent in 1990 to 7.4 per cent in the third quarter 1999. The sharp decline in female unemployment could be attributed to growing employment opportunities for females in sectors which have experienced rapid growth in recent years, namely manufacturing, finance, communications, retail trade and

TABLE 7.5
Unemployment Rate, %
(Percentage of Labour Force)

Period	One Week Reference Period				12 Months Reference Period
	Male	Female	All	All Excluding Unpaid Family Workers(d)	All
1990	11.8(a)	23.4(a)	15.9	18.0	17.4
1994	9.7	20.1	13.1	14.3	12.9
1995	9.0	18.7	12.3	13.4	12.0
1997	7.7	16.1	10.5	11.5	11.6
1998(b)	6.6	14.6	9.5	10.9	10.4
1st Quarter	7.1	16.2	10.6	12.1	12.0
2nd Quarter	6.6	14.9	9.5	10.7	10.2
3rd Quarter	7.1	12.6	9.1	10.3	10.3
4th Quarter	5.6	14.8	8.8	10.3	9.1
1999(c)	6.8	12.5	8.8	9.9	9.1
1st Quarter	6.8	11.8	8.6	10.0	8.2
2nd Quarter	6.3	13.0	8.5	9.6	9.0
3rd Quarter	7.4	12.6	9.1	10.2	10.2

(a) Average for three quarters (2nd, 3rd and 4th quarters)

(b) Average for four quarters

(c) Average for three quarters

(d) Unemployment rate estimated by excluding unpaid family workers from the employed labour force

Source: Department of Census and Statistics
Central Bank of Sri Lanka

TABLE 7.6
Unemployment Rate by Age Groups, %
(Percentage of Labour Force)

Period	Age Groups					
	15 - 19	20 - 29	30 - 39	40 - 49	50 & above	All
1990	40.1	30.3	8.4	4.0	2.1	15.9
1994	40.7	24.5	7.6	2.5	1.2	13.1
1995	60.5	31.7	8.0	2.9	0.4	12.3
1997	34.0	21.9	5.2	1.7	0.6	10.5
1998(a)	27.4	19.8	5.3	2.1	0.7	9.5
1st Quarter	27.3	21.7	5.5	3.3	1.0	10.6
2nd Quarter	25.4	20.7	5.3	1.6	0.5	9.5
3rd Quarter	30.3	18.9	4.4	1.6	1.1	9.1
4th Quarter	26.6	17.8	6.0	2.0	-	8.8
1999(b)	29.0	18.8	4.5	1.4	1.0	8.8
1st Quarter	25.5	20.2	4.0	1.1	0.8	8.6
2nd Quarter	29.5	17.3	4.2	1.7	1.4	8.5
3rd Quarter	32.0	18.9	5.3	1.3	0.8	9.1

(a) Average for four quarters

(b) Average for three quarters

Source: Department of Census and Statistics

personal services.

As regards age specific unemployment, a rather disturbing feature is the high concentration of unemployment among the younger age groups. The rate of unemployment is 32 per cent in the age cohort of 15-19 years. The situation may have been worse but for the liberalisation of the economy and greater participation by the private sector in economic activities, which have tended to generate widespread employment opportunities for youth, mainly in the manufacturing and services sectors.

The incidence of unemployment is high among the educated. The unemployment rate among persons with GCE(A/L) and above was 16.9 per cent in the third quarter

of 1999. The high incidence of unemployment among the educated was partly an outcome of the conventional education system which, based on the testing of book knowledge of students, has tended to create white collar job aspirants not compatible with labour market needs in a competitive environment. The rate of unemployment among those with lower qualifications was less. In spite of these disparities between different educational levels, the declining trend in unemployment was evident in all groups. The ongoing educational reforms are expected to further ease the pressures in the labour market by re-orienting school and higher education systems to meet the changing manpower demands, particularly in the private sector.

TABLE 7.7
Unemployment Rate by Level of Education, %
(Percentage of Labour Force)

Period	No Schooling	Grade 0-4/ Year 1-5	Grade 5-9/ Year 6-10	GCE(O/L)/ NCGE	GCE(A/L)/ HNCE and Above	All
1990	3.3	5.1	17.2	23.9	29.4	15.9
1994	2.6	5.0	13.0	19.6	23.7	13.1
1995	1.8	3.4	12.8	18.4	20.0	12.3
1997	2.0	2.4	10.6	15.9	19.3	10.5
1998(a)	0.7	2.4	9.4	14.4	17.6	9.5
1st Quarter	0.1	2.9	12.0	15.8	14.9	10.6
2nd Quarter	0.4	1.9	9.1	14.4	18.9	9.5
3rd Quarter	-	2.5	9.2	12.9	16.9	9.1
4th Quarter	2.3	2.4	7.4	14.4	19.6	8.8
1999(b)	0.5	1.9	8.4	12.9	17.4	8.8
1st Quarter	0.1	1.7	8.0	12.4	19.6	8.6
2nd Quarter	1.1	1.7	8.2	12.5	15.8	8.5
3rd Quarter	0.3	2.2	9.1	13.8	16.9	9.1

(a) Average for four quarters

(b) Average for first three quarters

Source: Department of Census and Statistics

7.6 Foreign Employment

According to the Sri Lanka Bureau of Foreign Employment (SLBFE), employment placements abroad rose significantly from 160,000 in 1998 to 178,000 in 1999. The total number of Sri Lankan workers abroad is estimated to be around 788,000, of whom nearly 90 per cent were employed in countries in the Middle East. Saudi Arabia, Kuwait, and United Arab Emirates were the principal countries, which attracted workers from Sri Lanka. In recent years, more than 150,000 Sri Lankan workers have departed each year for foreign employment through registered sources. During the

1994-1999 period, nearly 882,000 foreign employment placements were secured for Sri Lankan workers. Foreign employment placements in 1999 were 178,052, an increase of 18,236 compared with 159,816 placements in 1998. As earlier, the majority of placements were in the category of unskilled labour (inclusive of housemaids) which accounted for nearly 73 per cent of total placements in 1999. Housemaids accounted for about 49 per cent of the total foreign employment placements in 1999. The majority of placements in 1999 (65 per cent) consisted of female workers.

TABLE 7.8
Foreign Employment

Item	1995	1996	1997	1998	1999(a)
Employment Placements	172,489	162,576	150,283	159,816	178,052
By Source					
Licensed Agents	118,692	115,446	115,043	112,539	120,218
Other	53,797	47,130	35,240	47,277	57,834
By sex					
Males	46,021	42,112	37,552	53,867	62,949
Females	126,468	120,464	112,731	105,949	115,103
By Manpower Category					
Housemaids	113,860	110,479	99,429	85,349	87,191
Skilled Labour	27,165	24,447	24,578	31,787	37,145
Unskilled Labour	23,497	21,735	20,485	34,109	43,153
Other	7,967	5,915	5,791	8,571	10,563
Licensed Employment Agencies (Year End)	477	464	520	385	500
Number of Training Centres					
By SLBFE	12	15	15	17	20
By Private Agents	-	22	22	28	29

(a) Provisional

Source: Sri Lanka Bureau of Foreign Employment

Licensed agents played a key role in securing employment opportunities abroad. In 1999, about 68 per cent of placements were arranged by these agents. There were 500 registered agents at the end of 1999 and 70 new licences were issued during the year. Meanwhile, the SLBFE cancelled 8 licences in 1999. The spread of agencies outside Colombo has helped to expand benefits to the outstations. In 1999, only 60 per cent of agencies were in Colombo, compared with 70 per cent in 1995. The share of the Colombo District in total departures for foreign employment declined from 20 per cent in 1995 to 12 per cent in 1999.

The SLBFE continued its functions of (a) supervision of employment agencies and (b) provision of selective welfare measures to overseas workers and their families. Employment agencies and migrant workers are required to register themselves with the SLBFE for surveillance purposes. The welfare officers stationed in the Middle Eastern countries and Singapore continued to assist Sri Lankan workers. Training in household work such as use of household appliances was provided to female domestic aides through a number of training centres. Nearly 5,000 females

are trained each month at these centres and a total of 36,841 females were trained in 1999. The minimum monthly wage level in employment contracts was maintained at US dollars 130. A free insurance scheme, provision of air tickets to destitute workers for repatriation, implementation of a loan scheme at low interest rates in collaboration with People's Bank and Bank of Ceylon and a scholarship programme for children were some other welfare measures which were in operation in 1999. Under the free insurance scheme, total compensation amounting to Rs. 85 million was paid to 6,659 workers by end 1999. During the year, 1,189 workers who were destitute due to loss of employment were repatriated at a cost of Rs. 20 million. Under the scholarship programme, 1,369 children were provided with assistance amounting to Rs.26 million by end 1999. Payment of compensation to Sri Lankan workers displaced from Kuwait by the Gulf War continued in 1999. During the year, Rs. 5,404 million was paid to 32,585 workers. The total compensation paid by end 1999 amounted to Rs. 10,806 million to 68,708 workers.