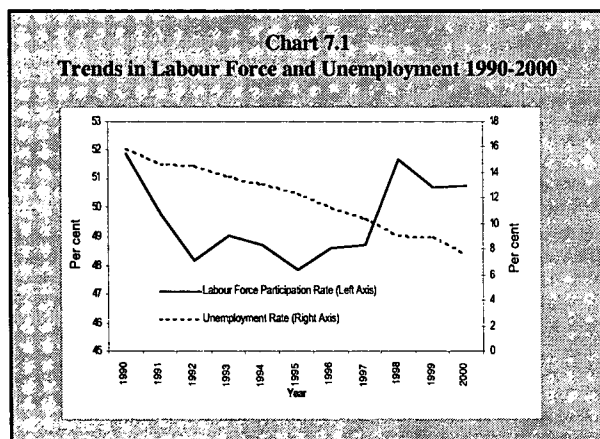


7. POPULATION, LABOUR FORCE AND EMPLOYMENT

7.1 Overview

The rate of growth in the mid year population continued to rise in 2000, a trend observed since 1998. This was a combined outcome of both a natural increase in population (i.e., births minus deaths) and net migration (i.e., arrivals minus departures). The household labour force at the end of the third quarter of 2000 was estimated at 6.7 million, recording a labour force participation rate of 49 per cent. Meanwhile, about 260,000 jobs were generated during the first three-quarters of 2000, raising the total employment from 91 per cent of the labour force in 1999 to 92 per cent during 2000. Employment grew in both the private and the public sectors. The unemployment rate declined from 9 per cent in 1999 to 8 per cent in 2000. However, the share of the public sector employment in total employment decreased further in 2000, the private sector continuing to be the major employment generator. In 2000, foreign employment placements were around 166,000. However, high unemployment among educated youth continued to be an alarming problem due to a mismatch with the labour market, thus signifying the urgent need for educational reforms in the country.



7.2 Population

The mid year population in 2000, has been estimated at 19.36 million, showing a mid year population growth of 1.7 per cent, compared with a growth of 1.4 per cent in 1999. Both the natural increase in the population and net migration contributed to the higher population growth. The natural increase in the population amounted to 230,000 persons in 2000, up from 209,000 in 1999. Meanwhile, net migration was 87,000 persons in 2000 compared to 60,000 in the previous year. Thus, the total addition to the mid year population, i.e., the natural increase in the population plus net migration, was estimated at 317,000 persons. The

population density, which is defined as the number of persons per square kilometer of land, increased marginally to 309 in 2000 from 304 in 1999.

TABLE 7.1
Basic Demographic Indicators

Year	Mid-Year Population '000(a)	Growth of Mid-Year Population %	Crude Birth Rate per '000 (b)	Crude Death Rate per '000 (b)	Net Migration Rate per '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	18,552	1.2	18.5	6.2	-0.5
1998	18,774	1.2	17.8	6.2	0.4
1999	19,043	1.4	17.0	5.9	3.2
2000(c)	19,359	1.7	17.9	6.0	4.6

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

(a) Population data in census years are obtained from the respective censuses. For the years between two censuses, the Registrar General's Department estimates mid-year population based on population census data, the Registrar General's vital statistics on births and deaths and migration data. Although population censuses have usually been held every 10 years in Sri Lanka, the last population census was held in 1981. The latest will be completed in 2001.

(b) Derived by the Central Bank of Sri Lanka from the mid-year population estimates provided by the Registrar General's Department. The rates calculated from annual data by the Registrar General's Department are provided in Statistical Appendix Table 44.

(c) Provisional

According to the World Development Report 2000, the average annual population growth rate in Sri Lanka was well below that of most of the countries in the South Asian region due to a demographic transition, together with improvements in other socio-economic conditions that have taken place in recent years.

However, the addition of around 200,000 to 300,000 persons annually to the population of the country continued to impose a burden on its limited resources. Complicating this problem, the share of the age group of 55 years and above in the total population continued to increase at a faster rate than the age group of 14 years and below. The continued increase in the share of the older age group warns of potential problems related to ageing of the population. Unemployment, high dependency ratios, land fragmentation, high cost of social welfare such as education, health and housing and problems associated with an ageing population are some of the socio economic issues associated with the current structure and trends in population that need

TABLE 7.2
Population in South Asian Region

Country	Total Population (Mn.)		Average Annual Population Growth Rate (%)		Population Density (Persons per sq. km)
	1998	2015(a)	1980-98	1998-2015(a)	1999
India	979.7	1224.4	2.0	1.3	336
Pakistan	131.6	194.6	2.6	2.3	175
Bangladesh	125.6	161.8	2.1	1.5	981
Nepal	22.9	32.5	2.5	2.1	164
Sri Lanka	18.8	22.6	1.3	1.1	304

(a) Projections

Source: World Development Report 2000/2001

to be addressed urgently. In particular, the ageing of the population needs to be addressed through a well-planned social security system, to avoid a deterioration of living standards of the aged, without imposing excessive burdens on the working population.

7.3 Labour Force

The labour force in a given reference period is defined as persons aged 10 years and over who are able and willing to work. According to the Quarterly Labour Force Survey conducted by the Department of Census and Statistics, the household labour force at the end of the third quarter of 2000 was 6.7 million, showing a labour force participation rate (the ratio of labour force to household population aged 10 and above) of 49 per cent, compared with 51 per cent in the third quarter of 1999 and 52 per cent in the previous quarter of 2000. The labour force participation rate has varied within a range of 48 and 52 per cent during 1990-2000, 52 per cent being the rate in 1990. The rate declined up to 1997, but rose once again to 52 per cent in 1998.

This turnaround in the labour force participation rate in 1998 was partly due to the expansion of the data coverage by the Department of Census and Statistics by including further categories of unpaid family workers in the labour force from that year. Most unpaid family workers are employed in the agriculture sector. Thus, the decline in the labour force participation rate in the third quarter of 2000 could be partly attributed to seasonal factors, i.e., a lack of agricultural activity during that period. The decline in the share of unpaid family workers from the second to the third quarter of 2000 was 2.9 percentage points, in comparison to 1.2 percentage points in comparable periods in the previous year.

7.4 Employment

According to the definition adopted in the Quarterly Labour Force Survey of the Department of Census and Statistics, a 'currently' employed person was one who worked for

TABLE 7.3
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
1991	11,796	5,877	5,016	862	49.8
1992	12,058	5,808	4,962	846	48.2
1993	12,278	6,032	5,201	831	49.1
1994	12,493	6,079	5,281	798	48.7
1995	12,736	6,106	5,357	749	47.9
1996	12,831	6,242	5,537	705	48.7
1997	12,871	6,266	5,608	658	48.7
1998	12,882	6,661	6,049	611	51.7
1999	13,169	6,673	6,082	510	50.7
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
4th Quarter	13,462	6,758	6,137	621	50.2
2000(c)	13,538	6,867	6,343	524	50.7
1st Quarter	13,498	6,854	6,308	546	50.8
2nd Quarter	13,542	7,042	6,549	493	52.0
3rd Quarter	13,573	6,705	6,172	532	49.4

(a) household population aged 10 years and above

(b) Labour force as a % of household population

(c) Average of first three quarters

Source: Department of Census and Statistics

TABLE 7.4
Status of Employment

Period	Public Sector Employees	Private Sector Employees	Employers	Self-Employed	Unpaid Family Workers	Total
1990	21.5	33.7	1.8	29.2	13.8	100
1991	22.9	39.5	2.2	25.4	10.0	100
1992	20.0	40.0	1.6	27.1	11.2	100
1993	17.4	42.8	2.0	27.4	10.4	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
1996	15.0	45.8	2.3	26.8	10.0	100
1997	15.1	44.3	2.3	28.8	9.4	100
1998	14.5	41.2	1.9	28.9	13.6	100
1999	14.4	43.1	2.0	28.3	12.2	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
4th Quarter	14.2	45.1	1.9	28.2	10.6	100
2000(a)	13.6	43.2	2.3	27.6	13.3	100
1st Quarter	13.8	43.9	2.1	27.0	13.2	100
2nd Quarter	13.9	41.9	2.1	27.3	14.8	100
3rd Quarter	13.0	43.9	2.7	28.6	11.9	100

(a) Average of first three quarters

Source: Department of Census and Statistics

pay, profit or unpaid family gain for one hour or more during the week preceding the survey. Employees who were temporarily absent from work due to factors such as illness, bad weather and labour disputes were considered as employed. According to the survey definition, public and private sector employees, employers, the self-employed (own account workers) and unpaid family workers form the broad categories of the employed.

The percentage of labour force in employment continued to increase during the first three-quarters of 2000. The total employed rose from 84 per cent of the labour force in 1990 to 92 per cent during the first three-quarters of 2000. Manufacturing, agriculture, trade and hotels, finance, insurance and real estate and construction were the key areas of employment generation. According to the Board of Investment of Sri Lanka, about 41,000 new employment placements were generated from BOI approved projects during 2000. The textiles, wearing apparel and leather products, services and horticulture sectors generated

about 30,000 new employment placements, accounting for around 73 per cent of the total employment generated in BOI projects.

The share of public sector employment in total employment decreased in 2000, continuing its declining trend. Its share declined from 21.5 per cent in 1990 to 13.6 per cent in the first three quarters of 2000. The private sector remained the major contributing factor for employment generation with the faster expansion of its economic activities. The declining share of the public sector (government and semi-government) in total employment also reflects the restructuring and ongoing privatisation programmes of semi-government institutions. However, according to the Public Sector Employment Survey conducted by the Central Bank, which covered the central government, local governments and provincial councils and semi-government institutions such as state corporations, boards and authorities, employment in the public sector increased by 3.2 per cent to around 1,160,000 in 2000. Public sector employment expanded by around 36,000, the major contributor being employment in government institutions, which showed an increase of 34,500. Significant increases were noted in defence personnel, teachers and Samurdhi workers. Employment in semi-government institutions increased marginally by about 1 per cent to around 300,000 in 2000.

TABLE 7.5
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	790,492	300,654	1,091,146
1999(c)	822,122	298,248	1,120,370
2000(c)	856,665	299,615	1,156,280

Source: Central Bank of Sri Lanka

(a) Central government, local government and provincial councils

(b) State corporations, boards and authorities

(c) Provisional

7.5 Unemployment

The unemployment rate upto the third quarter of 2000 remained below the 1999 level, as both private sector and public sector employment grew. The rate of unemployment, which had declined from 15.9 per cent in 1990 to 8.9 per cent in 1999, was 7.7 per cent during the first three-quarters of 2000. The estimate of the

TABLE 7.6
Unemployment Rate
(Percentage of Labour Force)

Period	One Week Reference Period				12 Months Reference Period
	Male	Female	All	Excluding Unpaid Family Workers (a)	All
1990	11.8	23.4	15.9	18.0	17.4
1991	10.2	23.0	14.7	16.0	16.1
1992	10.7	22.9	14.6	16.1	16.2
1993	9.7	21.7	13.8	15.1	17.5
1994	9.7	20.1	13.1	14.3	12.9
1995	8.8	18.8	12.3	13.4	12.0
1996	8.5	18.0	11.3	12.4	11.8
1997	7.7	16.1	10.5	11.5	11.6
1998	6.5	14.0	9.2	10.5	10.4
1999	6.7	13.0	8.9	10.0	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
4th Quarter	6.3	14.7	9.2	10.2	9.9
2000(b)	5.9	11.0	7.7	8.7	8.4
1st Quarter	6.4	11.1	8.0	9.1	8.8
2nd Quarter	5.3	10.1	7.0	8.1	7.8
3rd Quarter	6.0	11.8	8.0	8.9	8.6

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

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

(b) Average of first three quarters

unemployment rate has had some downward bias since 1998, due to increased coverage of unpaid family workers as employed persons in the labour force. However, the declining trend in unemployment is apparent even when the rate is adjusted to exclude unpaid family workers. The adjusted unemployment rate was 8.7 per cent in 2000

compared to 10 per cent in 1999, which indicated an equivalent decline of more than one percentage point from 1999 to 2000. Furthermore, employed and unemployed persons were also identified in the Quarterly Labour Force Survey based on labour force activities of persons during a one-year reference period. According to this definition,

TABLE 7.7
Unemployment Rate by Age Groups
(Percentage of Labour Force)

Period	Age Groups (Years)					
	15 - 19	20 - 29	30 - 39	40 - 49	50 & above	All
1990	40.1	30.3	8.4	4.0	2.1	15.9
1991	37.6	27.5	9.1	3.6	1.0	14.7
1992	39.1	27.5	7.8	3.5	1.4	14.6
1993	38.4	25.2	8.4	3.3	1.5	13.8
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
1996	36.5	22.0	6.0	1.9	0.5	11.3
1997	34.0	21.9	5.2	1.7	0.6	10.5
1998	27.3	19.3	4.9	2.0	0.7	9.2
1999	28.4	18.9	4.4	1.6	1.0	8.9
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
4th Quarter	27.2	19.3	4.2	2.2	1.0	9.2
2000(a)	22.0	17.9	3.6	1.3	0.9	7.7
1st Quarter	22.1	19.0	3.8	1.1	0.7	8.0
2nd Quarter	22.5	15.0	3.6	1.6	0.9	7.0
3rd Quarter	21.3	19.7	3.3	1.2	1.0	8.0

(a) Average of first three quarters

Source: Department of Census and Statistics

a person was considered 'usually' 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 relevant unemployment rate corresponding to this definition declined from 17.4 per cent in 1990 to 8.4 per cent during the first three-quarters of 2000.

The female unemployment rate continued to decline at a somewhat faster rate than the male unemployment rate. The female unemployment rate declined from 23.4 per cent in 1990 to 13.0 per cent in 1999 and 11.0 per cent during the first three quarters of 2000, whereas the male unemployment rate fell from 11.8 per cent in 1990 to 6.7

less among those with lower qualifications. Higher unemployment among the educated is partly an outcome of the conventional education system with its traditional subjects which has failed to cater to the emerging private sector labour market demand for persons qualified in computer science, finance, management and marketing with a sound knowledge of English. The educational reforms introduced recently are expected to address the issue of the high incidence of unemployment among the educated by re-orienting secondary and higher education systems to meet the changing manpower demands, particularly in the private sector.

TABLE 7.8
Unemployment Rate by Level of Education
(Percentage of Labour Force)

Period	No Schooling Year 1-5	Grade 0-4 Year 6-10	Grade 5-9 NCGE	GCE(O/L) HNCE and Above	GCE(A/L)	All
1990	3.3	5.1	17.2	23.9	29.4	15.9
1991	3.9	4.9	14.9	25.0	24.6	14.7
1992	3.0	4.7	15.9	22.2	22.4	14.6
1993	3.1	4.9	13.7	21.3	23.3	13.8
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
1996	2.8	3.4	12.2	16.4	19.0	11.3
1997	2.0	2.4	10.6	15.9	19.3	10.5
1998	1.0	2.4	9.0	13.7	17.5	9.2
1999	0.4	1.9	8.2	13.6	17.9	8.9
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
4th Quarter	0.1	2.1	7.3	15.6	19.3	9.2
2000(a)	1.4	1.1	7.4	11.5	14.6	7.7
1st Quarter	1.3	1.1	7.9	11.2	15.4	8.0
2nd Quarter	1.8	1.1	6.8	11.4	13.1	7.0
3rd Quarter	1.2	1.0	7.6	12.0	15.2	8.0

(a) Average of first three quarters

Source: Department of Census and Statistics

per cent in 1999 and 5.9 per cent during the first three quarters of 2000. This sharp decline could be attributed to growing employment opportunities for females mainly in manufacturing, agriculture and the trade and hotel sectors in recent years.

With regard to the age-wise unemployment, there has been a significant decrease in the unemployment rate for the age group 15-19 years since 1999. The unemployment rate for this age group was 22.0 per cent during the first three-quarters of 2000 compared to 40.1 per cent in 1990. Further, this age group showed a sharper decline compared to the decline from 30 per cent to 18 per cent in the 20-29 age group during the 1990 to 2000 period. There was a high incidence of unemployment among persons with GCE (A/L) qualifications and above in the age group of 20-29. The unemployment rate among persons with GCE (A/L) qualifications and above was 14.6 per cent during the first three quarters of 2000. The rate of unemployment was

7.6 Foreign Employment

Foreign employment placements registered with the Sri Lanka Bureau of Foreign Employment (SLBFE) declined to around 166,000 in 2000 compared with around 178,000 in 1999, recording a decrease of around 12,000. This decline was in contrast to the increase of about 18,000 in 1999. According to SLBFE, the decline in foreign employment placements was probably due to two Ramazan periods taking place in the year 2000. Demand for migrant workers during the Ramazan period declines due to a lower level of activity in the Middle Eastern countries during this period. The share of employment placements through licensed agents increased from around 120,000 in 1999 to 127,000 in 2000. The percentage share of persons placed in employment through licensed agencies rose to 76 per cent in 2000 from 68 per cent in 1999. This increase could be attributed to higher confidence in licensed agents by migrant workers due to regularisation and supervision

TABLE 7.9
Foreign Employment

Item	1995	1996	1997	1998	1999	2000(a)
Employment placements	172,489	162,576	150,283	159,816	178,052	166,489
By source						
Licensed agents	118,692	115,446	115,043	112,539	120,218	127,115
Other	53,797	47,130	35,240	47,277	57,834	39,374
By sex						
Males	46,021	42,112	37,552	53,867	62,949	51,850
Females	126,468	120,464	112,731	105,949	115,103	114,639
By manpower category						
Housemaids	113,860	110,479	99,429	85,349	87,191	92,327
Skilled labour	27,165	24,447	24,578	31,787	37,145	33,115
Unskilled labour	23,497	21,735	20,485	34,109	43,153	31,588
Other	7,967	5,915	5,791	8,571	10,563	9,459
Licensed employment agencies (Year end)	477	464	520	385	431	445
Number of training centres						
By SLBFE	12	15	15	17	20	20
By private agents	-	22	22	28	29	8

(a) Provisional

Source : Sri Lanka Bureau of Foreign Employment

of licensed agents by the SLBFE. According to the SLBFE, there were 29 recognised private training agents in operation by end 1999. However, due to irregularities in training provided by some of these private training agencies, the SLBFE adopted a policy decision in 2000 to conduct training programmes for migrant workers on its own. Nevertheless, as the demand for training could not be fully met by the SLBFE, the services of 8 private training agents were also obtained during 2000.

The SLBFE continued to provide a number of support facilities for registered migrant workers and their families. These included arrangement of housing and self-

employment loans through People's Bank, provision of training facilities and an insurance scheme for migrant workers and their family members.

Since 1997, a service agreement system between employer and employee has been in place in some countries to ensure security and better working conditions for female migrant workers. This system which is co-ordinated by the SLBFE, was in place in 12 countries by end 2000 with the support of the embassies of those countries. During 2000 as well, the SLBFE continued to disburse compensation payments to Sri Lankan workers displaced from Kuwait by the Gulf War in 1990.