

Chapter 7

POPULATION, LABOUR FORCE AND EMPLOYMENT

7.1 Overview

Population growth fell to 1.3 per cent in 2003 from 1.5 per cent in the previous year. At the same time, the willingness to get back to their original homes because of the peaceful conditions that prevailed in the North and the East was evident from the high in-migration to Batticaloa, Jaffna and Trincomalee districts in 2003.

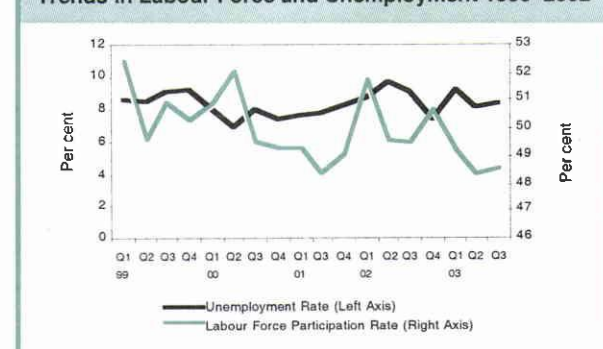
Labour market developments in 2003 reflected the expansion in domestic economic activities. Parallel with the overall economic growth rate of 5.9 per cent, the unemployment rate decreased, albeit marginally. The much needed reform process to create a conducive environment for employment creation in a more flexible labour market was activated during 2003. Accordingly, the reform process culminated in the following legislation: amendments to the Termination of Employment of Workmen Act of 1971 (TEWA), Industrial Disputes Act of 1950 (IDA), Industrial Disputes-Hearing and Determination of Proceedings Act (IDA-Hearing) and Employment of Women, Young Persons and Children Act of 1956 (EWYPCA) which were passed in Parliament in January 2003. Early in the year, the Ministry of Employment and Labour announced 31 December 2003 as the date on which the TEWA, IDA and IDA-Hearing amendment acts would come into operation. The formula for payment of compensation to all employees under the TEWA, which was a key ingredient of the amendment, was also announced on 31 December 2003. Further, the implementation of JobsNet, an Employment Sourcing and Delivery System that was conceptualised in the Draft National Employment Policy-2002 (DNEP) in 2003, was an important labour market development towards reducing structural unemployment by increasing the flow of information to market participants. This is an on-line and service based employment delivery network providing a user-friendly interface between jobseekers and potential employment. The JobsNet was operational from 1 May 2003 in 17 centres in the country and the expected targets for its first year were exceeded. (See Box 13)

The government policy of limiting recruitment to the public sector was evident from the reduced number of employees in the public sector estimated by the Annual Public Sector Employment Survey (APSES) conducted by the Central Bank of Sri Lanka. The shrinkage was mainly due to the reduction of employment in semi-government institutions. The introduction of voluntary retirement schemes (VRS) under public enterprise reforms aimed at increasing efficiency and productivity was the major reason for the reduction in employment.

A break in the series of labour force statistics occurred at the beginning of 2003 with the inclusion of the Eastern Province in the 15-year Quarterly Labour Force Survey (QLFS) series conducted by the Department of Census and Statistics (DCS). This was possible due to the peaceful conditions that prevailed in the North and the East as a result of the continuation of the ceasefire in 2003. Consequently, the unemployment rate reported from the QLFS was 9.2 per cent in the first quarter 2003 compared with 7.5 per cent in the fourth quarter of 2002, as unemployment rates in the Eastern Province were found to be higher than in areas covered previously. However, the unemployment rate for the wider geographical coverage began declining towards the latter part of the year with employment generation mainly in the agriculture, construction and transport, storage and communication sectors, that was commensurate with the economic growth seen in 2003 in those sectors.

Foreign employment continued to increase in 2003 but at a slower rate compared to 2002. The reduction in the number of housemaids departing for foreign employment resulted in this deceleration.

Chart 7.1
Trends in Labour Force and Unemployment 1999–2002



7.2 Population

According to the Registrar General's Department, the estimated mid-year population grew by 1.3 per cent and stood at 19.3 million in 2003. The peaceful atmosphere, which prevailed in the North and the East due to the continuation of the ceasefire, enabled people to return to their original homes after many years. This was evident from the district population changes (Table 7.1) where the population migrated out of Mulaitivu,

Kilinochchi, Vavuniya and Mannar in to Jaffna, Trincomalee and Batticaloa in 2003.

The ageing of the population continues to be an important demographic factor in Sri Lanka that would impact on the long-term economic development of the country. This was evident from the age distribution recorded during the Census-2001 and from the provisional estimates for 2003. The population in the age group between 0-14 years grew by 1.2 per cent, which is below the mid-year population growth rate of 1.3 per cent in 2003. In comparison, population in the age group of 55 years and over grew by 1.4 per cent.

7.3 Labour Force

The labour force, which is defined as persons aged 10 years and above, who are able and willing to work in a given reference period, continued to increase during 2003 and rose to 7.61 million in the third quarter of 2003 from 7.05 million in the third quarter of 2002, an increase of 559,000. The increase in the labour force for the corresponding period between 2001 and 2002 was 320,000. Inclusion of the Eastern Province from the beginning of 2003 in the QLFS had a direct impact on the sharp increase in the labour force. The increase also partly reflects greater willingness to engage in economic activity following positive expectations of economic recovery since 2001. The labour force consists of the employed and the unemployed. An

increase of 564,000 employed persons and decrease of 5,000 unemployed persons contributed to the increase in the labour force in 2003.

Despite the absolute increase in the labour force, the labour force participation rate, i.e., the ratio of the labour force to household population aged 10 years and above, including the Eastern Province, fell to 48.6 per cent in the third quarter of 2003 from 49.4 per cent (excluding Eastern Province) in the third quarter of 2002 due to a lower labour force participation rate in the Eastern Province. The labour force participation rate for the third quarter of 2003 excluding the Eastern Province was 49.4 per cent. The decline was seen in both female and male labour force participation rates. However, the female participation rate declined from 32.0 per cent in the third quarter of 2002 to 30.8 per cent in the third quarter of 2003, compared to the male participation rate which fell correspondingly from 67.8 per cent to 67.1 per cent.

7.4 Employment

In the QLFS, an employed person is defined as one who worked for pay, profit or unpaid family gain for one hour or more during the week preceding the survey. Employees temporarily absent from work, due to illness, bad weather and labour disputes are considered as employed. According to the QLFS, the percentage employed declined from 92.5 per cent at end 2002 to 90.8 per cent in the first quarter 2003, reversing the increasing trend seen since the second quarter 2002, before increasing to 91.6 per cent by the third quarter 2003. The increase in the first quarter of 2003 compared to the fourth quarter 2002 was partly due to inclusion of the Eastern Province in the QLFS from the first quarter of 2003. The percentage of employed for the first quarter 2003 excluding the Eastern Province stood at 91.7 per cent.

There were no major shifts among the five categories of employment status. The public sector employees' share declined marginally, reflecting continued government policy to limit new public sector employment only to essential staffing requirements. The share of private sector employees also declined from 45.7 per cent to 44.1 per cent. The share of the self-employed and unpaid family workers increased as did the share of employers, albeit marginally.

The shrinkage of public sector employment was evident from the results of the Central Bank's APSES. According to the survey estimates, the number of employees in government

TABLE 7.1
Population By District

'000 Persons					
District	2001(a)	2002	2003(b)	Change	% Change
Colombo	2234	2266	2305	39	1.7
Gampaha	2066	2077	2089	12	0.6
Kalutara	1061	1069	1077	8	0.7
Galle	991	1000	1011	11	1.1
Matara	761	770	780	10	1.3
Hambantota	525	529	533	4	0.8
Badulla	775	787	801	14	1.8
Moneragala	396	401	405	4	1.0
Kandy	1273	1288	1307	19	1.5
Matale	442	448	453	5	1.1
Nuwara Eliya	700	707	714	7	1.0
Kegalle	780	784	789	5	0.6
Ratnapura	1008	1020	1036	16	1.6
Kurunegala	1452	1461	1475	14	1.0
Puttalam	705	713	721	8	1.1
Anuradhapura	747	754	764	10	1.3
Polonnaruwa	359	363	368	5	1.4
Ampara	589	596	605	9	1.5
Batticaloa	486	522(c)	536	14	2.7
Trincomalee	340	358(c)	377	19	5.3
Jaffna	491	532(c)	589	57	10.7
Kilinochchi	127	154(c)	140	-14	-9.1
Mannar	152	98(c)	97	-1	-1.0
Mulaitivu	122	164(c)	141	-23	-14.0
Vavuniya	150	146(c)	139	-7	-4.8
Total	18,732	19,007	19,252	245	1.3

Sources : Registrar General's Department

(a) Based on Census of Population and Housing - 2001.

(b) Provisional

(c) Statistics for 2002 were obtained by the Registrar General's Department from the GA of the district. Estimates for other districts were calculated by projecting the Census-2001 figures using natural increase in population and net migration statistics in 2002 for each district.

TABLE 7.2
Population by Age Groups

Item	2002 (a)	2003 (a)	% Change
Mid-year population, '000	19,007	19,252	1.3
0 - 14 years	5,062	5,125	1.2
15-54 years	11,410	11,556	1.3
55 years and over	2,535	2,571	1.4

Source: Registrar General's Department

(a) Provisional

TABLE 7.3
Labour Force Participation

Period	Household Population (a) '000 Persons	Labour Force '000 Persons	Employed '000 Persons	Unemployed '000 Persons	Labour Force Participaion Rate (b) %		
					Male	Female	All
1994	12,493	6,079	5,281	798	65.4	32.0	48.7
1995	12,736	6,106	5,357	749	64.4	31.7	47.9
1996	12,831	6,242	5,537	705	65.9	31.6	48.6
1997	12,871	6,266	5,608	658	65.7	32.0	48.7
1998	12,882	6,660	6,049	611	67.3	36.4	51.7
1999	13,169	6,673	6,082	591	67.7	34.1	50.7
2000	13,572	6,827	6,310	517	67.2	33.9	50.3
2001	13,870	6,773	6,236	537	66.2	31.9	48.8
2002	14,201	7,145	6,519	626	67.9	33.6	50.3
1st Quarter	14,103	7,296	6,663	633	67.9	35.9	51.7
2nd Quarter	14,164	7,017	6,330	688	67.2	32.5	49.5
3rd Quarter	14,267	7,050	6,409	641	67.8	32.0	49.4
4th Quarter	14,272	7,219	6,677	542	68.5	33.9	50.6
2003 (c) (d)	15,604	7,593	6,945	648	66.9	31.2	48.7
1st Quarter	15,566	7,643	6,943	700	66.8	32.2	49.1
2nd Quarter	15,573	7,527	6,920	607	66.8	30.6	48.3
3rd Quarter	15,672	7,609	6,973	636	67.1	30.8	48.6

Source : Department of Census and Statistics (DCS)

(a) Household population aged 10 years and above

(b) Labour force as a % of household population

(c) Average of three quarters

(d) Up to 4th Quarter 2002, data excludes both Northern and Eastern Provinces. Commencing from 1st Quarter 2003, Eastern Province is included and only the Northern Province is excluded from the survey.

institutions, which cover central government, provincial government and local government employees, was 785,756. In semi-government institutions, which cover state corporations, boards and authorities, it was 257,452. The number of public sector employees, which comprises government and semi-government employees, declined from 1,061,399 in 2002 to 1,043,208 in 2003. The APSES covered around 61 per cent of

the total number of government and semi-government institutions and the percentage share of employment coverage to the total estimated public sector employment in 2003 was 93 per cent.

The decrease in the number of employees in the semi-government sector by around 5 per cent was mainly a reflection of fiscal consolidation efforts and public enterprise reforms.

TABLE 7.4
Status of Employment

Period	Public Sector Employees	Private Sector Employees	Employers	Self-Employed	Unpaid Family Workers	Percentage
						Total
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
2000	13.4	42.9	2.3	28.4	13.0	100
2001	13.8	44.8	2.3	28.5	10.6	100
2002	13.4	44.5	2.8	28.6	10.7	100
1st Quarter	12.7	45.2	3.1	26.9	12.1	100
2nd Quarter	13.4	44.5	3.1	28.6	10.4	100
3rd Quarter	13.4	45.7	2.4	28.6	10.0	100
4th Quarter	14.2	42.6	2.5	30.3	10.4	100
2003 (a) (b)	13.6	43.9	2.7	29.7	10.1	100
1st Quarter	14.2	44.0	2.7	29.6	9.5	100
2nd Quarter	13.3	43.6	2.7	30.4	10.0	100
3rd Quarter	13.2	44.1	2.6	29.2	10.8	100

Source : Department of Census and Statistics (DCS)

(a) Average of three quarters

(b) Up to 4th Quarter 2002, data excludes both Northern and Eastern Provinces. Commencing from 1st Quarter 2003, Eastern Province is included and only the Northern Province is excluded from the survey.

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	822,122	298,248	1,120,370
2000	856,665	299,615	1,156,280
2001	863,993	300,997	1,164,990
2002 (c)	790,108	271,291	1,061,399
2003 (d)	785,756	257,452	1,043,208

Source: Central Bank of Sri Lanka

(a) Central Government, Local Government and Provincial Councils

(b) State Corporations, Statutory Boards and State Authorities

(c) New series based on the Census of Public and Semi-Government Sector Employment 2002 conducted by the Department of Census and Statistics and the Annual Public Sector Employment Survey of the Central Bank of Sri Lanka

(d) Provisional

This further confirms the commitment of the government to limit recruitments to the public sector. The continuation of VRS was the main reason for the reduction of employees in the semi-government sector. The successful implementation of VRS programmes in semi-government institutions, such as Sri Lanka Ports Authority, Ceylon Petroleum Corporation and Sri Lanka Telecom Ltd., reduced their employment by 4,481, 1,587 and 1,124, respectively, in 2003. The percentage share

of employment reduction through VRS out of the estimated total reduction in the semi-government sector was 52 per cent. The performance of most of these institutions during 2003 in terms of expansion of activity and contribution to economic growth (see Chapter 2), indicates that there had been an increase in efficiency and productivity following the VRS.

In addition, the strict control on recruitment and non-extension of services after 55-57 years reduced the number of employees in government institutions such as the Department of Railways and semi government institutions such as People's Bank. A further reduction of employees was seen in the Sri Lanka State Plantation Corporation due to the privatisation of three estates owned by the government.

The employment shares in the Agriculture, forestry and fishing; Construction and Transport, storage and communication sectors rose from the third quarter 2002 to the third quarter 2003. Employment in the Agriculture, forestry and fishing sector increased by 318,556 during this period. The successful Yala season in 2003 for paddy where production grew by 7.9 per cent and area under cultivation by 11 per cent compared to 2002, was a major reason for this increase. Further, the inclusion of the Eastern Province in the QLFS also contributed, as the Agriculture sector is a major employment generating sector in the Eastern Province. Employment increased by around 130,000 in the Construction sector, which grew by 5.5 per cent in 2003. The peaceful conditions that prevailed due to the continuation of the ceasefire in 2003 led to an increase in construction activities, including in the North

TABLE 7.6
Employment by Economic Activity

Sector	In Thousand Persons									Percentage of Total Employment	
	2000 (a)	2001 (b)	2002			2003(c)			2002	2003	
			Q1	Q3	Q4	Q1	Q2	Q3	Q3	Q3	
Agriculture	2,274	2,033	2,342	2,152	2,120	2,376	2,381	2,415	2,439	33.1	35.0
Industry	1,491	1,491	1,422	1,313	1,355	1,351	1,503	1,457	1,513	21.1	21.7
Mining and quarrying (d)	67	110									
Manufacturing	1,045	1,057	1,125	1,035	1,092	1,042	1,106	1,125	1,120	17.0	16.1
Construction	348	324	297	278	263	309	397	332	393	4.1	5.6
Electricity, gas and water (e)	31										
Services	2,545	2,711	2,898	2,865	2,934	2,950	3,059	3,049	3,021	45.8	43.3
Trade and hotels, etc.	801	811	973	928	1,012	912	988	957	958	15.8	13.7
Transport, storage and communication	307	389	282	334	297	324	376	332	358	4.6	5.1
Finance, insurance and real estate	131	141	153	155	189	179	217	195	177	2.9	2.5
Personal services and other	1,307	1,371	1,490	1,448	1,436	1,535	1,478	1,565	1,528	22.4	21.9
Total employment	6,310	6,236	6,662	6,330	6,409	6,677	6,943	6,921	6,973	100.0	100.0
Percentage of labour force	92.4	92.1	91.3	90.2	90.9	92.5	90.8	91.9	91.6		

Source : Department of Census and Statistics (DCS)

(a) Average of four quarters

(b) Average of three quarters, Quarterly Labour Force Survey was not conducted by the DCS for 2001 - Q2

(c) Up to 4th Quarter 2002, data excludes both Northern and Eastern Provinces. Commencing from 1st Quarter 2003, Eastern Province is included and only the Northern Province is excluded from the survey.

(d) Mining and quarrying categorised under Personal Services and Other in the QLFS from 2002-Q1

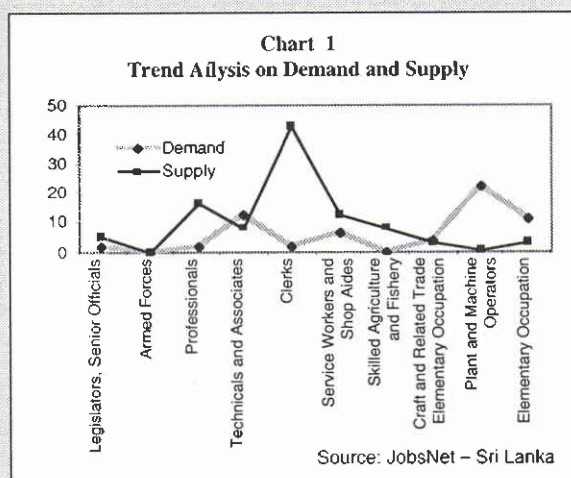
(e) Electricity, gas and water categorised under Personal Services and Other in the QLFS from 2001-Q1

Box 13

One Stop Shop for Employment: JobsNet in Sri Lanka

Introduction

People who seek jobs require perfect information about the qualifications, skills and experience demanded by employers and of the job description and the remuneration that they will get. Similarly, employers wish to know where to find the perfect match of qualifications, skills and experience to fill in their vacancies. In practice, a perfect labour market information situation is a near impossibility. In the Sri Lanka labour market, the mismatch between labour demand and supply due to supply constraints such as the lack of required educational qualifications and skills among job seekers and reluctance to accept specific job opportunities due to cultural restrictions, as well as the lack of information available to both job seekers and potential employees, is significant.



To address these issues, the concept of JobsNet was incorporated as Initiative 7: National Employment Sourcing and Delivery System in the Draft National Employment Policy-2002 (DNEP) prepared by the Ministry of Employment and Labour (MEL). The DNEP strongly recommended that JobsNet should be independent, impartial and free from all politics, allowing the practice of meritocracy with transparency to be its guiding principles. The JobsNet project was initiated as a public-private sector partnership. The MEL joined hands with the Ceylon Chamber of Commerce (CCC) representing the private sector, and CCC was entrusted with the management of JobsNet.

JobsNet is an on-line and service centre based employment delivery network providing a user-friendly interface between job seekers and potential employers. JobsNet also supports entrepreneurs who wish to start their

own business. The job seekers and the self-employed can register themselves in the JobsNet on-line through the web page of the JobsNet or by visiting a service centre. Potential employers can advertise vacancies by requesting such vacancies with JobsNet in the same manner. The registered job seekers are matched with local and foreign vacancies available in the JobsNet database. Once a match is made, they are referred to the relevant employer. Setting up linkages with skills and professional training and retraining organisations and job counselling are important functions of the JobsNet. If a registered job seeker fails to make a match after over 3 months, the application will be reviewed and, if necessary, directed to career counselling and, in time to come, will be referred to suitable training programmes. In addition, applicants who opt for self-employment are directed to suitable training programmes.

Progress Made

The Norwegian Agency for Development Cooperation (NORAD) made a grant of Rs. 40 million for initial planning of the JobsNet project towards achieving its first year targets. The JobsNet opened the first service centre in January 2003 at Agalawatte and a string of 16 more centres followed between mid-March and May 2003. The service centres in various parts of the country are linked to the Head Office in Colombo through a network operating on a sophisticated info-communication system. As seen from Table 1, the JobsNet has moved forward rapidly since commencement.

Since the JobsNet had information regarding the training needs required to enhance the registered job seekers' employability, setting up linkages with skills training and retraining organisations was carried out

TABLE 1
Planned Targets and Achievements

Category	Target for the first year	During first 5 months (6/10/03)	As at end January 2004
Number of Centres	11	17	17
Total Registered Job Seekers in the JobsNet	30,000	65,017	69,944
Number of Vacancies Recorded from Employers at JobsNet	No target set	19,946	30,033
Job Seekers Referred for Vacancies by JobsNet	2,000	11,046	16,368
Job Seekers Contracted for Employment through JobsNet	200	596	750

Source: JobsNet - Sri Lanka

Box 13 (contd.)

successfully during its operations since May 2003. One of the key projects to meet training needs was the JobsNet partnership with the Distance Learning Centre, a node of the World Bank's Global Development Learning Network, to offer computer training programs to registered job seekers at JobsNet, as around 70 per cent of the job seekers required skills upgrading in both English and basics of computers.

Further, the JobsNet signed an MoU with the Department of Technical Education and Training (DTET) for the DTET to provide training for registered job seekers with secondary education and no technical or vocational training. As the percentage in that category is the highest among registered job seekers (Chart 2), the MoU with DTET would make a higher percentage of them employable. Furthermore, the MoU with DTET will enable students who are already registered in the 37 technical colleges administered by DTET to register in the JobsNet so that they can be sourced out once they gain their technical qualifications. Also DTET would gain through constant feedback received from the JobsNet about the changing requirements of employers. Meanwhile, the JobsNet was able to organise career guidance programmes with the help of the private sector. Although the initial budget did not provide for training of registered job seekers, JobsNet made the best possible attempts to direct them to the required training.

Another key function of the JobsNet is to support self-employment through training, information, advice and career guidance. Recently the first SIYB (Start and Improve Your Business) centre was started in the Kandy JobsNet branch. With performance based funding provided by the Swedish International Development Agency (SIDA) from its second year onwards, the JobsNet is planning to concentrate more on training job seekers as well as the self-employed.

The initial studies for the implementation of JobsNet in Sri Lanka were done on JobsNet operations in Australia and Sweden. Asian countries such as India and Malaysia also

practise the JobsNet concept. Indonesia has just started a JobsNet concept through a job-employment project and visited the Trincomalee JobsNet centre to study the on-line referral system of the JobsNet project in Sri Lanka.

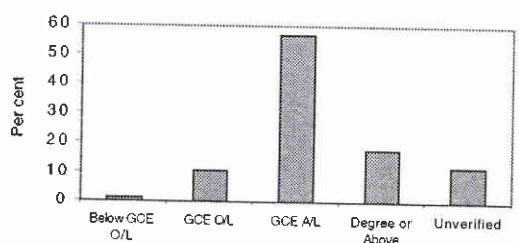
One essential component used to enhance the performance of the JobsNet in the developed world, but not yet in Sri Lanka, is the online occupational information network (O-net). O-net is a database of occupational information that contains key skills, abilities, knowledge, and other characteristics of most occupations in those countries. Using this online database, job seekers, business (small business), and human resource professionals can search for occupations that use designated skills, look at related occupations and view occupation summaries. It is not yet possible for JobsNet in Sri Lanka to provide that source. The success of an O-net depends on occupational surveys and that is a high cost activity. These surveys provide not only future job seekers with a chance to start a fruitful career to their liking, but also provide information to educational policy makers and other relevant authorities, which can be used to update curricula according to employment demand in the country.

Conclusion

The JobsNet project has functioned for ten months now. However, there are considerable disparities between the total registered job seekers and the number of job vacancies in the database and between the number of job seekers referred and the number contracted for employment. The number contracted for employment is an underestimate because of poor feedback from the job seekers who gain employment through JobsNet. Yet that number is low. One can argue that the JobsNet is not a success by just looking at the cost per unit employment placement. However, JobsNet is a referral system; its responsibility is to refer registered job seekers at JobsNet. By end January 2004 JobsNet had referred 23 per cent of the total registered job seekers to existing vacancies reported to the JobsNet.

The initial cost of any project such as the JobsNet project is necessarily high. The cost of maintaining JobsNet can be expected to decline over time. Further, popularisation of the JobsNet among employers would increase the income generated from the fee-based system already in place for the services they obtain from JobsNet. As a result the net cost could further decrease. In addition the indirect social gains from this endeavour will further reduce the net cost to the country. Considering that this concept is being practised in many countries around the world with the support of their respective governments and its benefits to Sri Lanka, the public as well as the private sector should make use of the services provided by the JobsNet.

Chart 2
Distribution of Educational Qualifications of
Registered Jobseekers as at 30/11/03



Source: JobsNet - Sri Lanka

and the East, and also in road development. Employment in the Transport, storage and communication sub sector in Services also increased significantly, commensurate with the high growth seen in that sector.

7.5 Unemployment

With the inclusion of the Eastern Province in the QLFS from 2003, the unemployment rate rose to 9.2 per cent in the first quarter of 2003 from 7.5 per cent in the fourth quarter of 2002. However, following this break in the series, the unemployment rate settled gradually during the year, due to employment opportunities generated as a result of new economic activities with the continued recovery in the economy since 2002. This was evident from the decline in the unemployment rate from 9.1 per cent in the third quarter 2002 to 8.4 per cent in the third quarter of 2003, even inclusive of the Eastern Province.

According to the QLFS, the unemployment rate among the educated youth declined, reversing the increasing trend of the past few years. The unemployment rate of the 15-19 and 20-29 year age groups declined from 35.0 and 20.4 per cent to 29.9 and 19.6 per cent, respectively, from the third quarter of 2002 to the third quarter of 2003. Meanwhile, the decline in unemployment among the higher educated was evident from the relatively higher decline in the unemployment rate for the GCE(O/L) and the GCE(A/L) and higher qualified categories from 13.1 per cent and 17.3 per cent, respectively in the third quarter of 2002, to 11.2 per cent and 15.2 per cent, respectively, in the third quarter of 2003.

The lack of the required educational qualifications and skills among educated youth has been a key reason for youth unemployment in Sri Lanka. In order to address this problem, the Ministry of Policy Development and Implementation (MPDI) initiated a Youth Corps programme in 2003 to provide opportunities for youth in the age group of 18-28 years to acquire employable skills with leadership qualities and self confidence that would enable their active participation as productive partners in the global market economy. The objective of the Youth Corps programme, which is non-military, is to develop youth, both male and female, through a well planned and integrated package of employment-oriented training. The integrated package includes training in leadership, English, computer and information technology, productivity and career guidance, vocational training and entrepreneurship development programme activities.

The entire programme will be divided into 3 phases. Phase one is expected to convert these youth from their isolated home environments into a dedicated and disciplined force that learns to work as a team. Phase one will provide 10 weeks of non-residential training. The second phase will be for 25 weeks and will provide computer and English training and involvement in community development work. The third phase for 35 weeks will mainly focus on providing vocational training chosen by the participants to equip them with employable skills to find employment or to start their own enterprise. This phase would

be linked up with the Ministry of Tertiary Education and Vocational Training, JobsNet, the Board of Investment and foreign employment agencies to enhance the employability of the participants. More importantly, the participants would be introduced to the private sector during their basic training at Phase one so that they are ready to link and interact with the participants at each phase of the programme.

Initially, the MPDI envisaged that once the Youth Corps programme was established there would be 3,000 Youth Range Leaders in 160 Youth Corps Centres across the country, with each Centre providing training to 250 unemployed youth, making the potential intake 40,000. With the available infrastructure, the MPDI is expected to set up 58 Youth Corps Centres and recruit 14,500 Youth Corps Rangers before end 2004. The programme trained 831 youth as Youth Range Leaders from May 2003, before placing them in 19 Youth Corps Centres, covering 11 districts, excluding those in the North and East. These Youth Corps training centres, which commenced operations in November 2003, have initially recruited 2,973 youth as Youth Rangers. The 831 trained Youth Rangers Leaders also follow the training programme along with the Youth Rangers.

TABLE 7.7
Unemployment Rate
(Percentage of Labour Force)

Period	One Week Reference Period			12 Months Reference Period	
	Male	Female	All	Excluding Unpaid Family Workers(a)	All
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
2000	5.8	11.1	7.6	8.6	8.2
2001	6.2	11.5	7.9	8.8	8.2
2002	6.6	12.9	8.8	10.2	8.6
1st Quarter	6.5	12.8	8.7	9.8	8.5
2nd Quarter	7.3	14.8	9.8	10.8	9.9
3rd Quarter	7.1	13.2	9.1	10.0	8.6
4th Quarter	5.6	11.1	7.5	9.8	7.6
2003(b) (c)	6.1	13.5	8.6	9.4	8.4
1st Quarter	6.4	14.6	9.2	10.0	9.3
2nd Quarter	5.7	13.1	8.1	8.9	7.9
3rd Quarter	6.3	12.8	8.4	9.3	8.0

Sources: Department of Census and Statistics (DCS)
Central Bank of Sri Lanka

- (a) Unemployment rate estimated by excluding unpaid family workers from the employed labour force
- (b) Average of three quarters
- (c) Up to 4th Quarter 2002, data excludes both Northern and Eastern Provinces. Commencing from 1st Quarter 2003, Eastern Province is included and only the Northern Province is excluded from the survey.

TABLE 7.8
Unemployment Rate by Age Groups
(Percentage of Labour Force)

Period	Age Groups (Years)					All
	15-19	20-29	30-39	40-49	50 & above	
1994	40.7	24.5	7.6	2.5	1.2	13.1
1995	37.6	22.2	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
2000	23.4	17.4	3.6		1.1	7.6
2001	29.8	18.4	3.4		0.9	7.9
2002	30.1	20.1	4.0		1.6	8.8
1st Quarter	22.9	18.7	5.7		1.4	8.7
2nd Quarter	34.0	23.2	3.4		1.5	9.8
3rd Quarter	35.0	20.4	3.1		1.1	9.1
4th Quarter	28.9	18.0	3.1		0.7	7.5
2003 (a) (b)	30.5	19.9	3.9		1.1	8.6
1st Quarter	32.3	21.0	4.8		1.3	9.2
2nd Quarter	29.4	19.0	3.5		1.0	8.1
3rd Quarter	29.9	19.6	3.4		1.1	8.4

Source : Department of Census and Statistics (DCS)

(a) Average of three quarters

(b) Up to 4th Quarter 2002, data excludes both Northern and Eastern Provinces. Commencing from 1st Quarter 2003, Eastern Province is included and only the Northern Province is excluded from the survey.

The targets have been partially fulfilled during 4 months in operation. There are 19 Centres already in operation and another 11 Centres are ready to commence operations. Infrastructure improvements are being done in another 12 Centres, increasing the total number of Youth Corps Centres in operation and to be operational shortly to 42. The 23 Centres which are scheduled to be in operation shortly will include Centres in the North and East as well.

7.6 Foreign Employment

According to the Sri Lanka Bureau of Foreign Employment (SLBFE), the registered number of departures for foreign employment increased by 2.3 per cent in 2003 over 2002 compared to a corresponding increase of 10.7 in 2002. The registered number of departures during 2003 stood at 208,439 compared to 203,773 in 2002 and fell below the annual forecast of 210,000 for 2003.

The deceleration in the rate of increase in the registered number of departures for foreign employment was higher among females. The female share was in a range of 65 to 67 per cent for the five years from 1998 to 2002 and whenever there was a significant increase in foreign employment, it was mainly among females. This share fell to below 65 per cent in 2003. In particular, there was a decrease of around 7,500 in the housemaids category in 2003 compared to 2002, although there were increases in all other categories, particularly in unskilled labour.

As the competition from other countries has increased in the housemaids category, the Sri Lankan authorities were of the view that those in this category should be given skills training to divert them to other categories of skill. Furthermore, the Ministry of Women's Affairs (MWA) has encouraged females to take up self-employment in Sri Lanka in an effort to reduce the socio-economic problems associated with the large numbers of migrant female workers leaving their families behind for employment in recent times. In addition to the social problems, some of them have faced difficulties ranging from harassment to death. The MWA designed a programme in 2003 to train women in entrepreneurship skills and to plan self-employment projects

TABLE 7.9
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) NCE	GCE (A/L) HNCE and Above	All
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
2000		1.0	7.5	11.3	14.9	7.6
2001		1.3	7.1	11.8	15.3	7.9
2002		1.8	7.9	13.3	16.8	8.8
1st Quarter		2.1	8.0	12.0	16.7	8.7
2nd Quarter		1.7	8.1	15.3	20.3	9.8
3rd Quarter		2.2	8.4	13.1	17.3	9.1
4th Quarter		1.2	7.2	12.4	12.9	7.5
2003 (a) (b)		1.8	7.8	12.9	16.4	8.6
1st Quarter		1.7	8.1	14.8	18.1	9.2
2nd Quarter		1.6	7.0	12.8	15.9	8.1
3rd Quarter		2.0	8.3	11.2	15.2	8.4

Source : Department of Census and Statistics (DCS)

(a) Average of three quarters

(b) Up to 4th Quarter 2002, data excludes both Northern and Eastern Provinces. Commencing from 1st Quarter 2003, Eastern Province is included and only the Northern Province is excluded from the survey.

TABLE 7.10
Progress of Youth Corps Programme-2003/04

	Target 2003/2004	Feb. 2004
Youth Rangers	14,500	3,804(a)
Youth Corps Centres	58	42(b)

Source: Ministry of Policy Development and Implementation

(a) Comprises 831 Youth Range Leaders and 2,973 Youth Rangers.

(b) 19 in operation, 11 ready to commence work and 12 undergoing infrastructure improvements.

according to the resources available and the market demand existing in their areas with the support of the Industrial Development Board (IDB). As an initial step, the MWA has commenced a countrywide awareness programme for women who seek foreign employment for the first time and for migrant women workers who had gone abroad on a few occasions.

In order to minimise the problems faced by migrant workers, the SLBFE signed an agreement on migrant worker

safety and welfare with Malaysia. A US dollars 5,000 insurance policy per worker and a day off per week as a worker right were two main clauses included in the agreement. In addition, each recruiting agency of the labour demanding country was expected to deposit US dollar 50,000 with the representative office of the Ministry of Labour in Sri Lanka situated in that particular country to ensure the safety of and regular payments to migrant workers by their employers. With regard to the welfare of the families of migrant workers, the SLBFE continued to support them through scholarships and the distribution of school materials for children of migrant workers. The number of scholarships awarded increased from 1,594 in 2002 to 1,671 and school materials were distributed among 8,846 students at a cost of Rs. 9.3 million in 2003.

Sri Lanka has been earning more foreign exchange from foreign employment than from all major agricultural crops since 2001. In 2003, net foreign private transfers, which are mainly worker remittances from the Middle East, accounted for 30 per cent of national savings of the country.

TABLE 7.11
Foreign Employment

Item	Number (per cent in parenthesis)				
	1999	2000	2001	2002	2003 (a)
Employment Placements	179,735	182,188	184,007	203,773	208,439
By Source					
Licensed Agents	120,627	127,615	132,467	152,974	154,727
(%)	(67)	(70)	(71)	(75)	(74)
Other	59,108	54,573	51,540	50,799	53,712
(%)	(33)	(30)	(28)	(25)	(26)
By sex					
Males	63,720	59,793	59,807	70,522	74,117
(%)	(35)	(33)	(33)	(35)	(36)
Females	116,015	122,395	124,200	133,251	134,322
(%)	(65)	(67)	(67)	(65)	(64)
By Manpower Category					
Housemaids	88,066	99,413	102,853	108,535	101,041
(%)	(49)	(55)	(56)	(53)	(48)
Skilled Labour	37,436	36,626	36,818	45,478	47,419
(%)	(21)	(20)	(20)	(22)	(23)
Unskilled Labour	43,603	35,591	33,308	36,485	44,311
(%)	(24)	(20)	(18)	(18)	(21)
Other	10,630	10,558	11,028	13,275	15,668
(%)	(6)	(6)	(6)	(7)	(7)
Licensed Employment Agencies (Year End)	500	445	528	538	526
Number of Training Centres					
By SLBFE	20	21	20	21	21
By Private Agents	29	8	8	8	8

(a) Provisional

Source : Sri Lanka Bureau of Foreign Employment