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PRICES, WAGES, EMPLOYMENT AND PRODUCTIVITY

Headline inflation, as measured in terms of the year-on-year change in National Consumer Price Index (NCPI, 2013=100) was in low single digit levels in the first eight months of 2019 before reaching mid single digit level in September 2019. Meanwhile, year-on-year core inflation remained stable, but at a higher level, compared to the previous year. Prices in the Food category moved in line with the prices of Volatile Food items, demonstrating a decline till March 2019 and increased thereafter. In addition to the sharp increase in January 2019 attributable to the significant upward adjustments made to house rentals, the prices of items in the Non-food category increased gradually during the first nine months of 2019, with increases in education fees and fuel prices. Corporate sector inflation expectations were well anchored. Nominal wages increased across formal and informal sectors during the first eight months of 2019. In terms of wages in the public sector, the inclusion of a special allowance and an interim allowance to the basic salary, and the introduction of a new non-pensionable monthly interim allowance with effect from 01 July 2019, contributed to the increase of public sector wages. Overall, a positive real wage growth was only observed in the informal sector, while a real wage erosion was observed in the public sector despite the increase in nominal wages. During the first half of 2019, the unemployment rate increased, while it remained at high levels among youth, females and persons with high educational attainment. Meanwhile, the Labour Force Participation Rate increased with the increase in both the labour force and the working age population in the first half of 2019 from the corresponding period of the previous year. Departures for foreign employment declined in all occupation levels except in the case of professionals.

Developments in 2019

Prices

Movements of the General Price Level

- **The general price level which increased in January 2019, moved on a declining trend until March and increased thereafter.** Both Consumer Price Indices (CPIs), namely, National Consumer Price Index (NCPI, 2013=100) and Colombo Consumer Price Index (CCPI, 2013=100)¹, which measure the general price level, moved in line with the prices of items in the Food category except in January 2019. The Food category exhibited mixed movements while the Non-food category recorded a continuous increasing trend during the period under review.
- **During the first nine months of 2019, prices of items in the Food category moved in a similar pattern to that of Volatile Food² items, following a declining trend till March 2019 and increased thereafter.** The decreases observed in the prices of Volatile Food items during the first quarter of the year were mainly due to price decreases in items such as vegetables, coconuts and onions along with intermittent decreases in prices of rice and potatoes. Meanwhile, increases observed in prices of Volatile Food items during the second quarter were mainly supported by the increases in prices of vegetables, potatoes, fresh fish and big onions along with occasional price increases in red onions. This increasing trend was observable even in the third quarter, contributed by the increases in the prices of fresh fish, fruits and big onions. Within the Volatile Food category, prices of rice varieties eased off during the first seven months of 2019 owing to higher paddy production in 2018/19 Maha season resulted by favourable weather conditions. However, towards

the end of the third quarter, rice prices increased owing to supply disruptions that occurred due to adverse weather conditions. Similarly, prices of coconut recorded their lowest levels since 2016 due to further recovery in coconut production as a result of favourable weather conditions. The prices of potatoes and onions recorded overall increases during the observed period, partly supported by the increases of import levies of potatoes and big onions by Rs. 30 with effect from 01 February 2019 and by Rs. 20 with effect from 22 May 2019 per 1 kg, respectively. However, to protect the consumer from escalating big onion prices observed in September, the import levy on big onion was revised downward by Rs. 39 per 1 kg with effect from 03 October 2019. Meanwhile, prices of fresh fish indicated an overall increasing trend during the observed period where in certain months the main cause of the price increase was supply disruptions which occurred as a result of adverse weather conditions.

- **Within the Food category, prices of the items excluding Volatile Food displayed an overall increasing trend during the first nine months of 2019.** A price revision in imported milk powder took place after a year where the price of a 400g packet was revised upwards by Rs. 25 with effect from 16 March 2019, followed by two upward revisions of Rs. 5 and Rs. 20 with effect from 02 August 2019 and 24 September 2019 respectively, considering price developments in the world market. Meanwhile, prices of dhal and sugar remained stable during the period under review. Furthermore, wheat flour prices were revised upwards by Rs. 8 per 1 kg with effect from 16 July 2019, while the price of bread remained unchanged.
- **The prices of items in the Non-food category which recorded a sharp increase at the beginning of the year increased continuously during the first nine months.** It is noteworthy

¹ The Department of Census and Statistics (DCS), compiles official consumer price indices, namely, National Consumer Price Index (NCPI, 2013=100) and Colombo Consumer Price Index (CCPI, 2013=100) on a monthly basis. The NCPI demonstrates the price movements of selected consumer items at the national level while the CCPI reflects the same among urban households in the Colombo district.

² Volatile Food includes rice, meat, fresh fish and seafood, coconut, fresh fruits, vegetables, potatoes, onions and selected condiments.

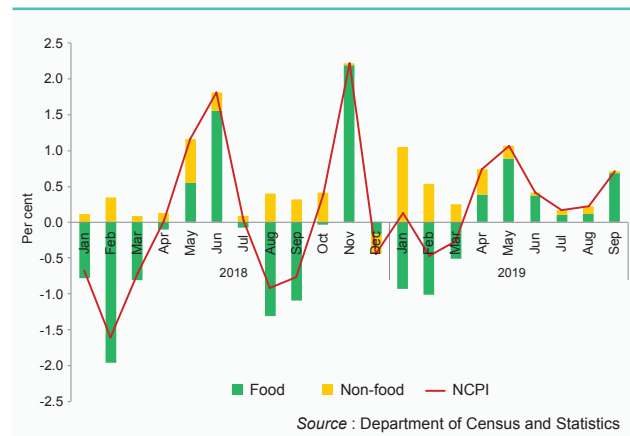
that the significant increase observed in Housing, Water, Electricity, Gas and other Fuels sub-category, which occupies the largest share in Non-food category in both Consumer Price Indices (CPI) baskets, caused the swift increase in both headline and core inflation observed in January 2019. Moreover, this substantial upward adjustment in house rentals, which was its first adjustment after January 2015, elevated the inflation levels throughout the year 2019. Further, as per the pricing formula introduced in 2018, domestic fuel prices underwent several price revisions exhibiting an overall increasing trend during the first nine months of 2019. Increase in tuition fees for both primary and secondary education was observed at the beginning of the year followed by increases in fees to private medical practices and prices of selected medicines in February and May 2019, respectively. Prices of arrack, beer and cigarettes were increased in March 2019 due to the revision of excise duty under the budget 2019 on cigarettes and liquor. Prices of several prepared food items and insurance paid for cars recorded increases during the observed period. Meanwhile in September, increases were observed in the Education sub-category due to increases in fees at international schools. Further, the price of LP gas was revised downward by Rs. 240 per 12.5 kg cylinder with effect from 05 October 2019.

Consumer Price Indices

National Consumer Price Index

- **The NCPI, which reflects the price trends of the basket of consumer items at the national level, exhibited a declining trend during February and March, and increased thereafter till September 2019.** In January 2019, NCPI increased to 127.3 index points due to increases observed in prices of items in the Non-food category. Thereafter, NCPI decreased to 126.4

Figure 4.1
Contribution to Month-on-Month % Change NCPI (2013=100)



index points in March 2019 and continuously increased to 130.6 index points in September 2019. The month-on-month decline of the NCPI observed in February and March was attributed to decreases in the prices of items in the Food category, whereas the increase observed afterwards till September 2019 was caused by the price movements of the items in both Food and Non-food categories.

Colombo Consumer Price Index

- **The CCPI, which measures the price developments of urban areas of the Colombo district, recorded 127.4 index points in January 2019 and reached 131.1 index points in September 2019.** The CCPI increased in January supported by the movement of the prices of the items in the Non-food category and declined thereafter for two consecutive months following the movement of the prices of the items in the Food category. Month-on-month increases in the CCPI observed from April to June 2019 were attributable to the increases in the prices of items in both Food and Non-food categories. However, the decline observed in July 2019 was contributed solely by the decrease in prices of items in the Food category. Meanwhile, the month-on-month increases observed in August

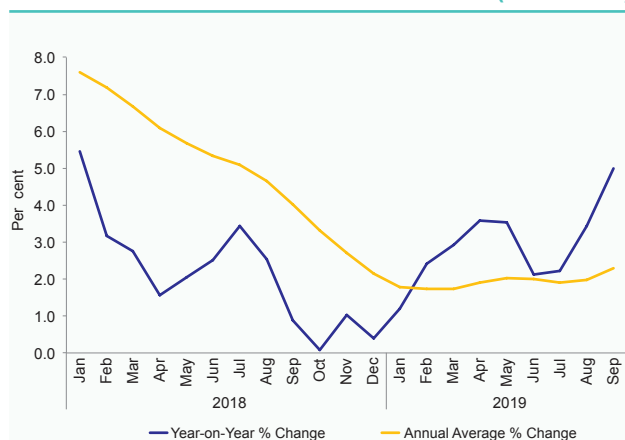
owed to the increase in prices of items in the Non-food category, while the same for September 2019 was contributed by the increases in prices of items in both Food and Non-food categories.

Headline Inflation

- During the observed period, headline inflation as measured by the year-on-year change in the NCPI, demonstrated an overall increasing trend, where it remained in low single digit levels in the first eight months of 2019 and reached mid single digit level in September 2019. The movement of year-on-year inflation in the first nine months, which was mostly determined by the base effect, recorded 1.2 per cent in January and reached 5.0 per cent in September 2019. In addition, NCPI based annual average inflation remained stable during the observed period, recording 1.8 per cent in January 2019 and reaching 2.3 per cent in September 2019.
- Year-on-year CCPI based headline inflation increased until May 2019 and followed a declining trend until July 2019 before increasing thereafter. Year-on-year CCPI inflation accelerated from 3.7 per cent in January 2019 to 5.0 per cent in May 2019, moved on a declining trend afterwards until 3.3 per cent in July 2019 and reached 5.0 per cent in September

Figure 4.2

Movements of Headline Inflation NCPI (2013=100)



Source : Department of Census and Statistics

2019. Meanwhile, the annual average CCPI based inflation steadied during first 9 months of 2019, where it recorded 4.1 per cent in January 2019, increased to 4.2 per cent in May, remained unchanged in the following month before reaching 3.9 per cent in September 2019.

Core Inflation

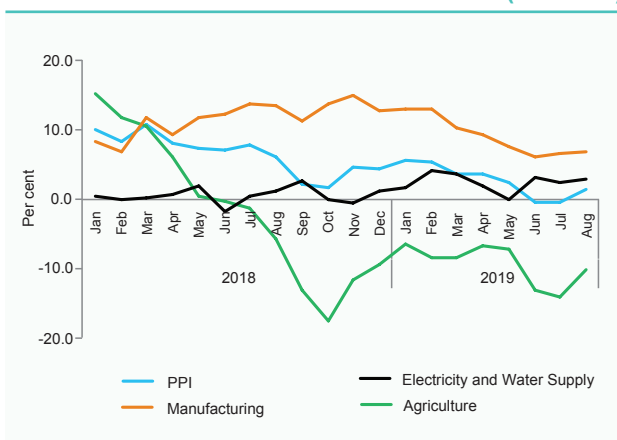
- NCPI based year-on-year core inflation remained stable yet higher than that of the previous year. The elevated levels in NCPI based year-on-year core inflation were mainly driven by the hike observed at the beginning of the year resulted by upward adjustment in house rentals. Accordingly, having coupled with monthly increases, year-on-year NCPI core inflation moved on an increasing trend from 5.1 per cent in January 2019 to 6.3 per cent in April 2019 and remained unchanged in May 2019 before reaching 5.6 per cent in September 2019. Meanwhile, CCPI based year-on-year core inflation was 5.5 per cent in January 2019 and recorded 5.6 per cent in September 2019.

Producer Price Inflation

- The producer price inflation measured by the year-on-year change in the Producer's Price Index (PPI, 2013 Q4=100) displayed an

Figure 4.3

Movements of Producer Price Inflation (Y-o-Y %)



Source : Department of Census and Statistics

overall declining trend during the first eight months of 2019. Year-on-year producer price inflation of the agriculture sub-sector reported a negative growth rate and the manufacturing sub-sector demonstrated an overall decrease, while that of the electricity and water supply sub-sector demonstrated an overall increase with mixed movements during this period.

Inflation Expectations

- **Inflation expectations of the corporate sector demonstrated a mixed movement during the first nine months of 2019, aligning well with the trends of actual inflation as reflected by official price indices.** However, inflation expectations remained in the range of 3.5 to 5.0 per cent during the period. Cascading effects of the depreciation of the rupee in the previous year and fuel price adjustments stimulated the expected inflation of the corporate sector. In addition, political instability of the country fueled by the Easter Sunday attacks also triggered the future expected inflation of the corporate sector. Meanwhile, inflation expectations of the household sector, whose awareness on inflation is comparatively lower than that of the corporate

sector, remained above that of the corporate sector. The domestic supply disruptions caused by adverse weather conditions and lack of stability and growth of the country were the main factors cited by the household sector for their inflation expectations. Moreover, the relaxed monetary policy stance and the increase in government expenditure due to the upcoming elections also emerge as noteworthy factors that influenced future inflation expectations of both corporate and household sectors.

Wages

- **Nominal wages of public sector employees, as measured by the public sector wage rate index (2012=100), increased by 2.0 per cent in the first eight months of 2019 compared to the same period of 2018.** This was due to the inclusion of special allowance and interim allowance of Rs. 10,000 to the basic salary and introduction of a new non-pensionable monthly interim allowance of Rs. 2,500 with effect from 01 July 2019 to public sector employees. Due to the introduction of the new interim allowance, the nominal public sector wage rate index increased by 5.0 per cent on a month-on-month basis in July 2019. However,

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Figure 4.4

Inflation Expectations of the Corporate Sector

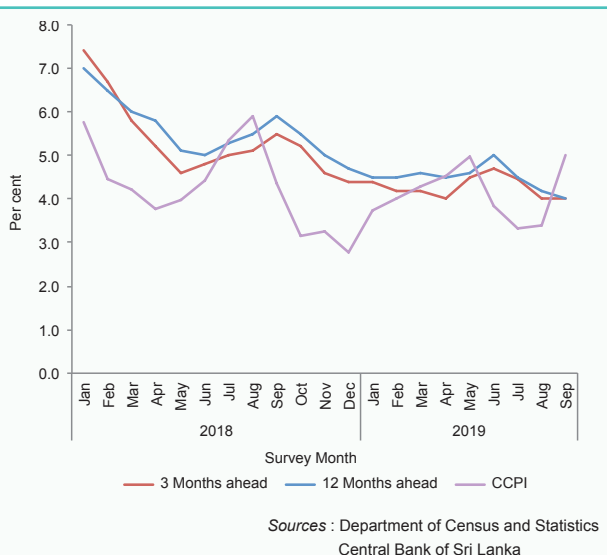
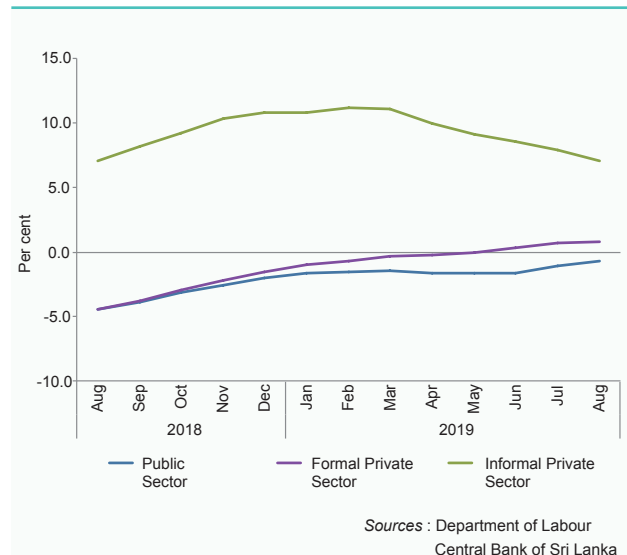


Figure 4.5

Annual Average Change in Real Wage Rate Indices



public sector employees experienced a real wage erosion of 0.7 per cent in the first eight months of 2019 compared to the corresponding period of the previous year. Further, the final adjustment of the process of including the special allowance and interim allowance to the basic salary of public sector employees will be made in January 2020, increasing the public sector wage rate index by 4.9 per cent on a month-on-month basis.

- **Nominal wages of the employees in the formal private sector, as measured by the minimum wage rate index (1978 December=100) of employees, whose wages are governed by the Wages Boards Trades, increased by 3.4 per cent in the first eight months of 2019 compared to the same period of 2018.** This was mainly due to the increase of minimum wages in printing, textile, tyre and tube manufacturing and garment manufacturing trades in August 2018; and brick and tile manufacturing, coconut manufacturing, hosiery manufacturing, match manufacturing and motor transport trades in February 2019. Real wages of employees in the formal private sector declined by 0.6 per cent in the first eight months of 2019 compared to the corresponding period of the previous year. Meanwhile, in early 2019, workers in the plantation sector initiated a strike demanding a minimum daily wage of Rs. 1,000 and consequently the basic daily wage

was increased to Rs. 700 from Rs. 500. However, due to the easing of the attendance allowance and the productivity allowance of the plantation sector workers, the respective gross salary increase was only Rs. 20.

- **Nominal wages of informal private sector employees, as measured by the informal private sector wage rate index (2012=100), increased by 7.4 per cent during the first eight months of 2019 compared to the same period of 2018.** Nominal wages of employees in all sub-sectors, namely, agriculture, industry and services increased by 11.5 per cent, 5.8 per cent and 7.2 per cent, respectively, in the first eight months of 2019. Meanwhile, real wages in the informal private sector increased by 4.6 per cent during the first eight months of 2019 compared to the same period of 2018.

Labour Force and Employment

- **Labour market indicators reflected mixed signals, with improvements in employment amid an increasing unemployment rate and persisting structural issues.** The working age population increased during the first half of 2019 compared to the corresponding period of the previous year, and this increase was entirely driven by the economically active population, while

Table 4.1
Labour Force, Employment and Unemployment (a)

Item	2018		2019	
	H1	Year	H1	Projections (Annual)
Household Population, '000 (Age 15 years and above)	16,191	16,196	16,363	16,446
Labour Force, '000	8,343	8,388	8,603	8,650
Employed, '000	7,966	8,015	8,193	8,235
Unemployed, '000	377	373	410	415
Labour Force Participation Rate (% of Household Population)	51.5	51.8	52.6	52.6
Unemployment Rate (% of Labour Force)	4.5	4.4	4.8	4.8

(a) Provisional

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

the economically inactive population showed a decline during the period. Accordingly, the Labour Force Participation Rate (LFPR) also increased during the first half of 2019 from the same period of 2018. Although an increase was observed in the employed population, the unemployment rate which is the share of unemployed population in the total labour force, also increased during the first half of 2019 compared to the corresponding period of the previous year. Even though unemployment among the youth, educationally qualified and females continued to remain at high levels during first half of 2019, declines were observed compared to the corresponding period of the previous year.

Labour Force

- **The labour force rose by 260,261 persons in the first half of 2019 from the corresponding period of the previous year.** The labour force comprises the economically active population, aged 15 years and above, who are either employed or unemployed during the reference period of the Quarterly Labour Force Survey conducted by the DCS. Accordingly, the labour force increased by 3.1 per cent to 8.603 million in the first half of 2019 from 8.343 million in the corresponding period of the previous year. This increase in labour force was mainly driven by the rural sector which contributed to 83 per cent of this total increase, while urban and estate sectors also increased during the reference period. Overall, both male and female labour forces increased during the first half of 2019 compared to the corresponding period of the previous year. The female labour force increased significantly by 7.0 per cent and contributed to 77 per cent of the total increase in the labour force during the reference period. A notable increase was observed in the female labour force in the rural and urban sectors.
- **The Labour Force Participation Rate (LFPR), which is the ratio of the labour force to the working age population, marginally**

increased to 52.6 percent during the first half of 2019 from 51.5 per cent recorded in the first half of 2018. A recovery was observed in terms of the female LFPR, which increased to 34.8 per cent in first half of 2019 from 33.0 per cent in the corresponding period of 2018. Meanwhile, the male LFPR also increased to 73.4 per cent in the first half of 2019 compared to 73.0 per cent in the corresponding half of 2018. Accordingly, the gap in LFPRs between females and males improved with 38.6 percentage points in the first half of 2019 from 40.0 percentage points in the corresponding period of the previous year. The LFPR of the youth, which consists of persons aged 15 to 24, also increased during the reference period.

Employment

- **The employed population increased by 227,238 persons during the first half of 2019 compared to the corresponding period of the previous year.** Accordingly, the employed population increased by 2.9 per cent to 8.193 million in the first half of 2019 compared to 7.996 million in the corresponding period of 2018. In terms of sectoral employment, the Services sector which is the foremost employment generator, accounted for 47.3 per cent of the total employment, while agriculture and industry sectors contributed to 24.5 per cent and 28.3 per cent of the total employment, respectively, during the first half of 2019. Employment in industry and services sectors showed an increase in the first half of 2019 from the corresponding period of 2018, while the agriculture sector recorded a decline during the reference period in line with the recent trends of the employment structure.
- **Within the employed population, the self-employed category recorded a higher increase during the first half of 2019 compared to the first half of 2018.** In terms of the

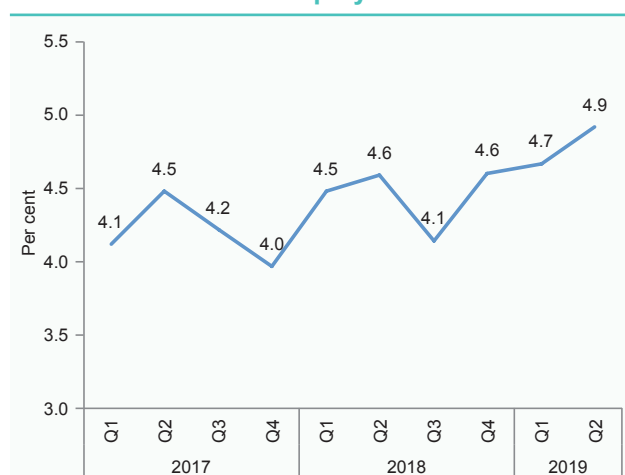
employment status, the employed population can be categorised into two major categories namely, waged and salaried workers (employees) and the self-employed. The employees category can be further categorised into public and private sectors, while the self-employed category can be categorized into employers, own account workers and contributing family workers. Among these categories, the number of persons employed in all categories increased during the first half of 2019 where increase in own account workers contributed for 50 per cent of the total increase. In terms of their share in the employed population, the share of own account workers increased, public sector and private sector employees decreased, while the share of employers and contributing family workers remained unchanged during the reference period.

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Unemployment

- **The unemployed population increased by 33,023 persons during the reference period.** The total number of unemployed increased by 8.8 per cent and recorded at 410,007 during the first half of 2019 compared to 376,984 in the corresponding period of the previous year. Accordingly, the unemployment rate increased to 4.8 per cent in the first half of 2019 compared

Figure 4.6
Overall Unemployment Rate



Source : Department of Census and Statistics

Table 4.2
Unemployment Rate (%) - 2019 H1

By Age (Years)	
15-24	20.8
25-29	10.8
30-39	3.1
40+	1.1
By Educational Level	
Year 6-10	3.0
GCE (O/L)	6.3
GCE (A/L) and above	8.7

Source : Department of Census and Statistics

to 4.5 per cent recorded in the corresponding period of the previous year. The increase in the unemployed population was largely driven by males, and the increase in unemployed male population was 15.3 per cent during the reference period. Accordingly, the unemployment rate in males increased significantly to 3.4 per cent in the first half of 2019 from 3.0 per cent in the corresponding period of the previous year. Unemployed female population also increased by 3.7 per cent during the period. However, as the female labour force increased at a higher rate the female unemployment rate decreased to 7.2 per cent in the first half of 2019 from 7.4 per cent recorded in the corresponding period of the previous year.

- **Disparities among age-wise unemployment rates continued to remain at notable levels during the first half of 2019.** In terms of the age wise unemployed population, people who are 30 years and above recorded the highest increase of 22,571 persons during the reference period, followed by people who are aged between 25 and 29, with an increase of 8,370 persons. The increase in the Youth³ unemployed population was the lowest, with an increase of 2,081 persons during the first half of 2019 in comparison to the corresponding period of the previous year. However, youth unemployment rate decreased during the first half of 2019 compared to the same period in the previous year, although it continued to remain at a significantly high level of 20.8 per cent during first half of 2019.

³ Aged between 15-24 years

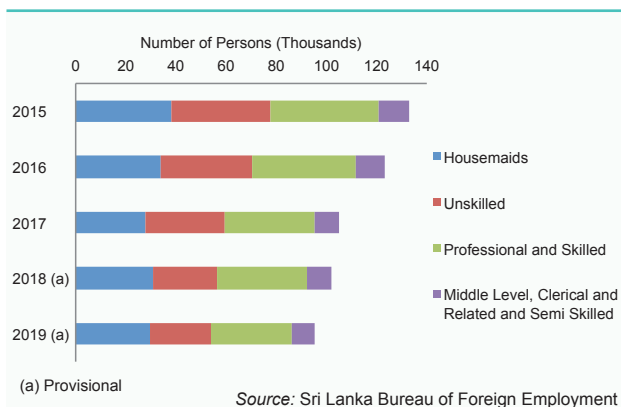
- **In terms of the education level, the highest unemployment rate was reported among persons with GCE (A/L) and higher levels of educational attainment.** The unemployment rate of this category however, decreased to 8.7 per cent during the first half of 2019 from 9.2 per cent in the corresponding period of the previous year. High unemployment among the educationally qualified could be largely attributable to skills mismatch and lack of experience, variations in expected and actual remuneration packages, and gender stereotypes in certain professions. The unemployment rate among the persons with qualifications below GCE O/L marginally decreased to 3.0 per cent from 3.2 per cent, while the unemployment rate among those who have passed GCE (O/L) increased to 6.3 per cent during the first half of 2019 from 5.0 per cent recorded in the same period of the previous year. Within the unemployed population, those who have passed GCE (O/L) increased by 23,303 persons, while persons with qualifications below GCE O/L increased by 7,702 persons and those with GCE (A/L) and higher levels of educational attainment increased by 2,018 persons during the reference period.

Foreign Employment

- **Departures for foreign employment declined by 7.0 per cent in the first half of 2019 compared to the corresponding period**

Figure 4.7

Departures for Foreign Employment by Skills
(First half of the Year)



of 2018. This was mainly driven by the male departures which declined significantly by 10.7 per cent, while female departures also declined by 1.0 per cent in the first half of 2019 compared to the corresponding period of 2018. Total departures for foreign employment during the first half of 2019 was 95,052 within which male departures accounted for 59 per cent and female departures accounted for 41 per cent.

- **Unskilled employees and housemaids represented 56 per cent of the total departures for foreign employment in the first half of 2019.** Worker departures under middle level, clerical and related, skilled, semi-skilled, unskilled and housemaid categories declined, while worker departures under the professional category showed an increase in the first half of 2019 compared to the same period in the previous year. A considerable percentage, i.e. 77 per cent, of the female migrant workers accounted for housemaid jobs during the first half of 2019. Departures under the housemaid category reached 29,678 during the first half of 2019 showing a decline of 4.0 per cent compared to the first half of the previous year.

Labour Relations

- **Although a decline was observed in terms of the number of strikes in private industries, increases were observed in terms of workers involved and man days lost due to strikes.** According to the data reported by the Department of Labour, the number of strikes and workers involved in these strikes declined in the Plantation sector during the first half of 2019 compared to the corresponding period of the previous year, while the man days lost due to these strikes reflected an increase during the period. In terms of sectors other than the Plantation sector, the number of strikes increased marginally in the first half of 2019 compared to the corresponding period of the previous year. However, the number of workers involved, and the lost man days

increased significantly during the period. As per the data reported by the Department of Labour, 15 strikes were reported in private industries during the first half of 2019, where 5 strikes were reported in the Plantation sector and 10 strikes were reported in other sectors. Overall, 6,646 workers were involved in these strikes during the first half of 2019 of which 26 per cent were from the Plantation sector and 74 per cent were from other sectors. Total man days lost due to these strikes were 30,696 days during the first half of 2019, of which 50 per cent was from the Plantation Sector and 50 per cent was from other sectors. In addition to these strikes, publicly available data revealed a number of strikes in sectors such as health, customs, postal and transportation, which could have had a negative impact on the daily lives of the general public and the social and economic activities of the country.

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Labour Productivity

- **Labour productivity measured in terms of Gross Value Added (in 2010 prices) per hour worked increased by 1.3 per cent to reach Rs. 500.91 per hour worked in the first half of 2019 compared to Rs. 494.47 in the corresponding period of 2018.** The improvement in overall labour productivity during the first half of 2019, compared to the corresponding period of the previous year, was mainly due to the increase in Gross Value Added among all activities. Agriculture activities reported a positive growth in labour productivity when compared to the same period in 2018, while labour productivity in industry declined and labour productivity in services remained unchanged during this period. In terms of the level of productivity, Services activities exhibited the most efficient use of the labour resource, recording the highest productivity level of Rs. 600.09 per hour worked, followed by the Industry activities with a productivity level of Rs. 530.80 per hour worked. Continuing the trend observed in the recent past, Agriculture activities registered the lowest productivity levels recording

a productivity level of Rs. 191.61 per hour worked during the first half of 2019. However, it is a considerable improvement compared to the level recorded in the corresponding period of the previous year, largely due to the increase in the Gross Value Added in Agriculture activities and decline in the hours worked.

Expected Developments

Prices

- **Inflation is expected to remain at the desired inflation target range of 4-6 per cent during the remainder of 2019.** Along with well anchored inflation expectations, forward-looking demand management policies and favourable domestic supply conditions are expected to help maintain the general price level at benign levels. Nevertheless, against such favourable developments, there is some degree of upward pressure on prices emanating from several factors such as increasing consumer good prices in international market and depreciation of domestic currency. Further, the seasonal torrential rains that occur during the latter part of the year could also cause supply disruptions of fresh food items, particularly vegetables and fish, which could lead to an increase in inflation generating from movements of the prices of the items in the Volatile Food category.
- **The stability of food prices, mainly, rice, vegetables, fruits, onions, potatoes are challenged by the volatility in the supply side, thus requiring a strong supply management system to balance the surpluses and shortages.** A proper early warning mechanism needs to be established collectively to motivate farmers to produce crops according to the anticipated scarcity level. Further, through government intervention to purchase the excessive supply, the loss to the farmer could be minimised. Moreover, to minimise the perceptible gap between consumer prices and producer

prices, which occurs due to intermediaries and wastage while being transported, a central transportation agency can be established through a public-private partnership. Financial assistance to farmers to move towards proper crop storage mechanisms can also be introduced to reduce wastage.

human-only jobs such as caregiving in terms of medical, geriatric and child care. Actions should be taken to strengthen the workforce with required skills in these types of jobs as there is a future tendency to increase the demand for such jobs locally, with the ageing population phenomenon in Sri Lanka and also for foreign employment opportunities.

Labour Force and Employment

- **The persisting and growing mismatch between the skills of employment seekers and employer needs may worsen with the Fourth Industrial Revolution, which is taking place at a rapid pace.** The Fourth Industrial Revolution involves a combination of revolutionary technologies such as Artificial Intelligence, Robotisation, Automation, etc. With the development of these technologies, the traditional types of employment may be replaced with automation. With this emerging challenge, it is necessary to prepare the workforce to cater to future employment requirements and this combination must begin from the school level itself through restructuring the curriculum. Moreover, the current labour force also needs to be vigilant of the changes taking place globally and needs to develop skills and adaptability to survive and sustain their employment. On the contrary, there are certain employment opportunities which are
- **Actions need to be taken to change the mindset of people in terms of job seeking as well as job generation.** Due to high job security, there is a tendency among youth to find a job in the public sector. This could possibly leave a certain segment of youth to idle, contributing towards increasing the youth NEET (Not in Employment, Education or Training). Alternatively, youth can seek for apprenticeship programmes available in the private sector in order to gain industry exposure. This can in turn be imposed as a pre-requisite to join the public sector. Moreover, a general criticism of the Sri Lankan labour market is that employees with the required qualifications are unable to use their knowledge appropriately in their jobs. This can be due to the mismatch between the industry requirements and the academic curricula. Hence changes in curricula to meet industry needs are required.

