

4. Employment and Wages

Unemployment continued to decline. Domestic job opportunities and foreign employment placements grew faster than the labour supply. Nominal wages and salaries increased to preserve real wages in some sectors.

Employment

- ▲ The household labour force at the end of the third quarter 2000 was estimated at 6.7 million, reflecting a labour force participation rate of 51 per cent.
- ▲ Total employment rose from 91 per cent of the labour force in 1999 to 92 per cent during the first three quarters of 2000.
- ▲ The private sector remained the major contributor to employment generation, as private sector economic activity grew faster in 2000. Manufacturing, agriculture, trade and hotels, finance, insurance and real estate, and construction were key areas of employment generation.
- ▲ According to the Board of Investment of Sri Lanka (BOI), about 38,000 new employment opportunities were generated in new BOI approved projects. The textiles, wearing apparel and leather products and the services and horticulture sectors generated about 31,000 new employment opportunities, around 80 per cent of the total new employment generated.
- ▲ The share of the public sector in total employment decreased in 2000, continuing a declining trend. This percentage share, which was 14.4 in 1999, declined to 13.6 in the first three quarters of 2000.
- ▲ The decline in the public sector (government and semi-government) share in total employment is attributed to faster growth in employment opportunities in the private sector and restructuring programmes in public sector institutions.
- ▲ According to the Public Sector Employment Survey conducted by the Central Bank, employment in the public sector increased by about 36,000 (3.2 per cent) in 2000.
- ▲ This increase was mainly due to the permanent appointments given to graduates who followed training from October 1999. There was also an increase in Samurdhi workers, defence personnel and teachers.
- ▲ Employment in semi-government institutions increased by about 1 per cent to 300,000 in 2000.

Unemployment

- ▲ The unemployment rate continued to decline.
- ▲ Unemployment among females continued to remain higher than among males. However, the female unemployment rate declined at a faster rate than the male unemployment rate. The female un-

employment rate declined from 13 per cent in 1999 to 11 per cent during the first three quarters of 2000, whereas the male unemployment rate fell from 6.7 per cent in 1999 to 5.9 per cent during the first three quarters of 2000.

- ▲ The sharp decline in female unemployment could be attributed to growing employment opportunities for females mainly in the manufacturing, agriculture and trade and hotel sectors.
- ▲ With regard to unemployment by age, the unemployment rate for the 15-19 year age group, which was 28.4 per cent in 1999, fell to 22.0 per cent during the first three quarters of 2000.
- ▲ The unemployment rate among persons with educational qualifications of GCE (A/L) and above was 14.6 per cent during the first three quarters of 2000.
- ▲ The rate of unemployment among those with lower qualifications was lower. High unemployment among the educated was partly an outcome of the conventional education system which failed to cater to the emerging private sector labour market demand for persons qualified in computer science, finance, management and marketing all with a knowledge of English.
- ▲ The educational reforms introduced recently are expected to reduce the high incidence of unemployment among the educated by re-orienting school and higher education systems to respond to changing manpower demands, particularly in the private sector.

Foreign Employment

- ▲ Foreign employment placements secured through registered sources were around 160,000 in 2000.
- ▲ Although the number of licensed agencies decreased by 55 in 2000, the number of employment placements through licensed agents increased from 120,000 in 1999 to 126,000 in 2000, recording an increase in the percentage share to 79 per cent in 2000 from 68 per cent in 1999.
- ▲ This improvement could be attributed to greater trust placed in licensed agents by migrant workers following the regulation and supervision of licensed agents by the Sri Lanka Bureau of Foreign Employment (SLBFE).
- ▲ The SLBFE continued to provide support facilities to registered migrant workers and their families. These included housing and self-employment loans through the People's Bank, provision of training facilities and an insurance scheme for migrants and their family members.

Wages

- ▲ Employees in both public and private sectors received wage increases in 2000. Salaries of public sector employees were adjusted upwards twice during the year.
- ▲ In the public sector, employees earning less than Rs. 12,000 per month received an interim allowance of Rs. 600 with effect from 01 August 2000. A non-pensionable interim allowance of 10 per cent of the salary of all public officers, subject to a minimum of Rs. 1,000 (whichever is more), was granted with effect from 01 October 2000. The payment of the Rs. 600 allowance was incorporated into this 10 per cent increase. These revisions resulted in nominal wage increases from about 7.4 to 8.3 per cent and real wage increases of between 1 and 2.8 per cent.
- ▲ Employees in the formal private sector (under the Wages Boards) in agriculture, industry and commerce received higher nominal wages, while nominal wages in some service sectors remained unchanged. However, all increases were lower than the inflation rate, thereby reducing their real wages.
- ▲ Employees in the informal sector, especially in agriculture and construction activities, received higher wages in 2000, both nominal and real.

Foreign Employment Placements

Employment Placements	1997	1998	1999	2000
Total ('000 persons)	150.3	159.8	178.1	158.5
Composition (%)				
Male	25.0	33.7	35.4	30.6
Female	75.0	66.3	64.6	69.4
Category (%)				
Skilled labour	16.4	19.9	20.9	19.9
Unskilled labour	83.6	80.1	79.1	80.1
Private remittances US \$ Mn.	921	999	1,056	1,160

Sources: Sri Lanka Bureau of Foreign Employment, Central Bank of Sri Lanka Table 4.1

Trends in Labour Force and Unemployment

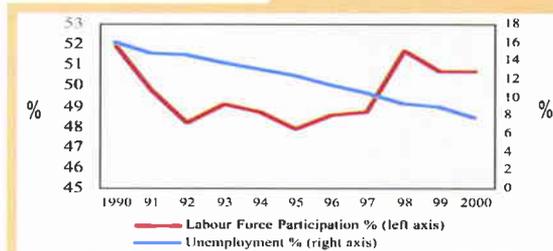


Chart 4.1