

Executive Summary

Country Report for Symposium on Globalization and Future of Youth.

Macro Picture : Statistics presented below is in respect of 2003 / 2004,
: House hold population 10 years and of over 15.8 million, Total
Labour force 8.0 million. Labour force grow average 1.7% p.a.
population increased by only 1.3% p.a.

Activity Rate : Male 67.7 female 30.8 both sex 48.6
: 73 million Employed 2/3 Employed are male, 1/3 female

Agriculture has 36% of the employed. 17% manufacturing 12%
in Trade and personal services.

23% were in self-employment. Another 4% were unpaid family
workers,

Public sector accounted for only 13% of all employed 70% of
the employed are aged 30 years & above.

Changing age profile : 54% are aged 40 years, and over, compared to 30% (1981
census) and 35% at dawn of 1990's. The share of 15-24 17.9%
shows declining trend in the share during last decades.

Profile of Unemployed 724 thousand (Note 1 million in 1990) or 8.7% of LF (20%
in 1975) still unemployed

Unemployment

Unemployment falls heavily on females, Youth and the Educated

(1) The Youth of 43% belong to age group 20- 24 are male
unemployed and 47% in the same age group are belong to
female unemployed category.

(2) the Education level in conserne of 42% of female are
GCE(A/L) & above qualified.

Government Policies and Programs at National Level to Address Youth employment issues

Employment Policy : Employment Policy has resolved to enhance our human resources as a major competitive advantage to facilitate the development of economy.

Seven initiatives have been formulated for the development of Sri Lanka's human capital.

- ❖ Man power planning.
- ❖ Education & Training for life long employability.
- ❖ Foreign Employment Re- defined
- ❖ SME s and self employment
- ❖ Social objectives:
- ❖ Partnerships Re-aligned
- ❖ Employment sourcing & delivery system

General suggestion on creation of employment opportunities for youth Population is included in the report.

Country Report for Symposium on Globalization and The Future of Youth In Asia.

(Tokyo, Japan – 2nd & 3rd December 2004)

by

P.V.C. Perera

Deputy Director (Statistics Division)

**Ministry of Labour Relations & Foreign Employment,
Sri Lanka .**

General Background

The Democratic Socialist Republic of Sri Lanka is an Island in the Indian Ocean of approximately 65,610 Sq. Kilometers. Today Sri Lanka has more than 19 million people who belongs to multi-racial and multi-religious groups. Sinhalese being the majority account for 75% and Tamils are the second highest, account for 18% of the total population. Other minority groups namely Moors, Burgers etc., constitute the balance.

Majority possess Buddhism in Sri Lanka and most of the Buddhists are Sinhalese. Hinduism ranks the second and it is the faith of majority Tamils. Christianity (R.C & N.R.C.) ranks the third in the Island being the faith of Burghers, Moors and Malays adherent of Islamic faith.

Literacy rate in Sri Lanka is among the highest in Asia. This could be attributed in the provisions of free education from Kindergarten to University, which promoted a higher rate of participation. Literacy rate has increased from 78% in 1971 to 90% in 2001.

1. Ministry of Labour Relations & Foreign Employment.

The main objectives of the Ministry of Labour Relations & Foreign Employment are to formulate and implement the policies relating to the promotion of industrial peace and employer-employee relations in order to enhance productions and labour productivity in the country with a view to develop the living standards and service conditions of approximately 8 million workers engaged in the private sector of Sri Lanka.

2. The Main Characteristics of Sri Lanka Labour Force.

Labour Force survey which is the main source conducted on a quarterly basis by the Department of Census and Statistics is adequately provides estimates of the labour force characteristics at national level. The survey has been conducted in this year covering all the districts in the island for the first time since 1990. The national estimates made for the second quarter 2004 are based on all 25 districts.

The information on labour force are generally used ,

- (1) to study situation and trends in employment, unemployment and under employment
- (2) to quantify the magnitude and distribution of employment opportunities needed at any point of time or over a given period of time
- (3) to monitor the performance of employment programmes and of the economy in general and
- (4) to evaluate the input of such programmes on unemployment and under employment, income and the satisfaction of the basic needs.

In Sri Lanka age 6-14 is considered as the age of compulsory education and therefore only a very small percentage is in the Labour Force below age 15 years.

Following table gives the summary statistics on Labour Force characteristics in respect of 2003, (4th Quarter) excluding Eastern & Northern province

Table (01) 10 years & over population and other characteristics.

	Total	Male	Female	Urban	Rural
Population (10 years & over)	15784594	7736147	8048447	2131705	13652889
Labour force in this group	7835312	5259073	2576240	979502	6855810
Labour force participation Rate	49.6	68.0	32.0	45.9	50.2
Employed population	7215029	4950338	2264691	896081	6318948
Employment rate	92.1	94.1	87.9	91.5	92.2
Unemployed population	620284	308735	311549	83421	536863
Unemployment rate	7.9	5.9	12.1	8.5	7.8
Not in labour force	7949282	2477075	5472207	1152203	6797079

	Total	Male	Female	Urban	Rural
Population (15 years & over)	14031212	6831552	7199660	1904109	12127103
Labour force in this group	7805378	5245018	2560360	976243	6829135
Labour force participation Rate	55.6	76.8	35.6	51.3	56.3
Employed population	7186776	4936993	2249783	892822	6293954
Employment rate	92.1	94.1	87.9	91.5	92.2
Unemployed population	618602	308025	310578	83421	535181
Unemployment rate	7.9	5.9	12.1	8.5	7.8
Not in labour force	6225834	1586534	4639300	927866	5297968

	Total	Male	Female	Urban	Rural
Population (20 years & over)	12318852	5972818	6346033	1676157	10642694
Labour force in this group	7382824	4987026	2395798	926500	6456325
Labour force participation Rate	59.9	83.5	37.8	55.3	60.7
Employed population	6889216	4754969	2134247	864585	6024631
Employment rate	33.3	95.3	89.1	93.3	93.3
Unemployed population	493608	232057	261551	61915	431693
Unemployment rate	6.7	4.7	10.9	6.7	6.7
Not in labour force	4936027	985792	3950235	749657	4186370

Source : Quarterly Labour Force Survey –2003

The economically active population (Labour force) in the second quarter 2004 is 8,037,799 of this number 5,405,750 (67.2%) are males & 2,632,049 (32.8%) are females.

It should be noted that the estimates based on the quarterly Labour force survey do not include non-household population such as their living in barracks, hostels, and large boarding houses etc. Members of the armed forces who live with the members of their household do get captured in the household surveys. However those who live in barracks or those who are in the operational areas do not get included. As such a large proportion of the youth who join the armed forces get excluding in the Labour force estimates, similarly those who leave the country for employment abroad are also excluded from the Labour force estimates as they are not considered to be in the Labour Force within Sri Lanka.

Table (02) – Labour Force participation rates by sex.

Year	Labour force participation rate		
	Total	Male	Female
1992	48.2	64.3	31.1
1993	49.1	65.3	33.1
1994	48.7	65.4	32.0
1995	47.9	64.4	31.7
1996	48.7	65.9	31.6
1997	48.7	65.7	32.0
1998	51.7	67.5	36.4
1999	50.7	67.7	34.1
2000	50.3	67.2	33.9
2001	48.8	66.2	31.9
2002	51.7	67.9	35.9
2003	48.9	67.2	31.4
2004Q1**	49.0	67.4	31.4
2004Q2***	48.6	67.7	30.8

Source : Department of Census & Statistics – Sri Lanka

** Excluding Vavunia, Mulathivu and kilinochchi districts

*** All the districts are included

(Before 2003, estimates excluded both Northern & Eastern provinces)

Labour force participation rates during the last decades from 1992 to 2004 remain almost unchanged as the table given above. The participation rates of male categories nearly double when comparing to the female categories.

Table (03) – Labour Force Participation Rate by age & sex.

Age group (yr.)	Total	Urban	Rural
Total	48.6	44.8	49.3
15-19	24.2	25.7	24.0
20-24	62.9	54.7	64.6
25-29	67.4	62.3	68.5
30-39	68.3	65.5	68.8
40+	51.8	44.2	53.1

Source: Quarterly Labour Force Survey –2004.

- Labour force participation rate in the rural sector is relatively higher than the urban sector for all age groups except in 15-19 yrs. age group. Usually the employment opportunities are created and concentrated heavily on favour of urban areas. But above data reveals, that people in the rural sector actively participate in the Labour force than the more developed urban sector. This is due to the participation of people in the agricultural activities mostly prevalent in the rural sector.

3. Employed Population.

Total estimated population is 7,313,647 in the second quarter 2004. Of this number 5,049,101 (69.0%) are males and 2,264,546 (31.0%) are females.

Table 4: Percentage Distribution of employed population by industry

Industry group	Total	Male	Female
Total	100.0	100.0	100.0
Agriculture forestry and Fishery	35.7	33.5	40.4
Manufacturing	16.9	13.1	25.4
Wholesale and Retail Trade, Repair of personal and Household goods	12.0	14.0	7.5
Financial Intermediation and Real Estate, Renting and Business Activities	2.6	2.7	2.5
Public Administration and Defence, Compulsory Social Security	6.9	7.3	6.0
Education	3.3	2.0	6.4
*Other	22.5	27.3	11.8

Source : Quarterly Labour Force Survey –2004.

- Proportion of males engaged in trade sector is 14.0 percent while the corresponding proportion for females is 7.5 percent.
- About 6.4 percent of females worked in education sector while proportion of males in this sector is only 2.0 percent.
- There is an imbalance between the demand and supply of formal sector jobs in Sri Lanka.

Table 5: Percentage Distribution of employed population by occupation & sector.

Occupation Group	Sector		
	Total	Urban	Rural
Total	100.0	100.0	100.0
Senior Officials and Managers	1.4	2.5	1.2
Professional	5.0	7.8	4.6
Technical and Associate Professionals	5.0	5.7	4.8
Clerks	4.1	5.6	3.8
Proprietors and Managers of Enterprises	6.1	6.8	6.0
Sales and Service workers	8.5	14.7	7.5
Skilled Agricultural and Fishery workers	19.9	5.5	22.2
Craft and Related workers	15.4	19.0	14.9
Plant and Machine operators and Assemblers	6.2	9.2	5.7
Elementary occupations	27.9	22.9	28.7
Unidentified	0.6	0.3	0.6

Source : Quarterly Labour Force Survey -2004

- More than 50 percent of employed persons in rural sector are agriculture and elementary occupation related workers.
- About 45 percent of employed persons in urban sector fall in to proprietors, sales & service workers & craft and related groups taken together.

Table 6: Percentage distribution of employed population by major industrial sectors and employment status.

Industry group	Total	<u>Employment status</u>			
		Employee	Employer	Own Account worker	Unpaid Family worker
Total	100.0	59.4	3.3	28.7	8.5
Agriculture	100.0	40.4	1.8	40.0	17.8
Non agriculture	100.0	70.0	5.1	22.6	3.7

Source : Quarterly Labour Force Survey -2004

- About 58 percent of employed persons in Agricultural sector Own account workers & unpaid family workers categories taken together.
- 70 percent of persons in non agricultural sector are employees.
- Shortage of Labour in the Agricultural Sector has increased the cost of production of many of the agricultural commodities. This is one of the major contributory factors for the increase in prices of some of the agricultural commodities.

4. Unemployed Population

Unemployed population is estimated to be 724180 in the second quarter 2004. Of this number 356669 (49.3%) are males and 367512 (50.7%) are females.

Table 7: Percentage distribution of unemployed population by age & sex.

Age group	Male	Female
15-19	24.1	18.3
20-24	42.5	46.6
25-29	14.3	17.8
30-39	10.7	13.4
40+	8.4	3.9
	100.0	100.0

Source : Quarterly Labour Force Survey –2004

- Percentage of unemployed males in the age groups 15-19 yrs and 40 yrs & above is higher than the unemployed females in the same age group.

Table 8: Percentage of G.C.E.(A/L) & above qualified unemployed persons from year 2001.

Year	Male	Female
2001	19.5	38.0
2002	19.6	39.1
2003	19.5	37.8
2004(2 nd Quater)	19.3	41.5

Source : Department of Census & Statistics.

- It is observed that the proportion of the G.C.E.(A/L) & above qualified unemployed females has increased from 2001 to 2004 second quarter. But the corresponding proportion of the males has declined in the second quarter of 2004.

Table 9: Unemployment Rate by Age – 1990 to 2002.

Year	All Ages	15-19	20-29	Age Group 30-39	40-49	50+
1990	15.9	40.1	30.3	8.4	4.0	2.1
1991	14.7	37.6	27.5	9.1	3.6	1.0
1992	14.6	39.1	27.5	7.8	3.5	1.4
1993	13.8	38.4	25.2	8.4	3.3	1.5
1994	13.1	40.7	24.5	7.6	2.5	1.2
1995	14.0	60.5	31.7	8.0	2.9	0.4
1996	11.3	36.5	22.0	6.0	1.9	0.5
1997	10.5	34.0	21.9	5.2	1.7	0.6
1998	9.2	27.3	19.3	4.9	2.0	0.7
1999	8.9	28.4	18.9	4.4	1.6	1.0
2000	7.6	23.4	17.4	3.6	1.4	0.8
2001	7.9	29.8	18.4	3.4	1.4	0.5
2002	8.8	30.1	20.1	4.0	1.5	0.8

Source : Quarterly Labour Force Surveys

5. Some of the major issues related to employment and unemployment situation are summarized below.

- Around 80 percent of the unemployed are in the age range from 15 to 29 years and around 60 percent are in the age range from 20 to 29 years. The unemployment rate for the latter which is the worst affected group had been ranging from around 30 percent in 1990 to 2002.
- The unemployment rate is highest among educated youth. The rate has decreased from around 30 percent in 1990 to 17 percent in 2002 for those who have GCE(A/L) or above. However, the unemployment rate is still higher for educated youth, than the less educated groups. The situation is worse for females compared to males.

- The unemployment is not restricted only to educated youth, but also to less educated. Around 40 to 50 percent of the unemployed have completed only grade 5-10.
- Graduate unemployment has already become a serious problem in this country and may become worse in the future, as the numbers are increasing each year. As such, urgent action needs to be taken, to rectify the situation early. Country should make use of their talents, effectively and efficiently.
- Educated youth prefer formal protected jobs, which will meet their aspirations. As such there is a tendency for them to wait, sometimes for a long period of time, until they get suitable employment in the formal sector.
- Free Trade Zones (FTZ) and External Migration for Employment, has eased the pressures from unemployed to a considerable extent. However, it has not eased the high unemployment among the educated youth, because majority of the job opportunities in the FTZ and abroad specially in the Mid-East are mainly for less educated females.
- Sri Lanka is also losing most of the talented men and woman (the best talents) to Western Countries and Countries like Australia, New Zealand etc, as there are no proper incentives for such persons in this country.
- Sri Lanka's high unemployment rate (through it has decreased from 18.7 percent in 1971 Census to 8.8 percent in 2002) may be due to following possible reasons.
 - ❖ For a very long period of time the education system in Sri Lanka had not been geared to cater to the labour market needs of the country. There seems to be a skills mismatch, which needs to be studied carefully rectified early.
 - ❖ There is an overall tendency for educated youth to look for more attractive jobs in the formal sector, which will meet their aspirations.
 - ❖ Insufficient job opportunities in the private sector for educated youth, specially, for graduates who could make a substantial contribution to improve the economy of the country.
- **Graduate Unemployment:**

Graduate Unemployment problem needs urgent attention and need to be addressed without further delay. Only around 30 percent of those who sit for G.C.E. (O/L) qualify for G.C.E. (A/L). Although around 50 percent who sit for G.C.E. (A/L) qualify for University education, only around 15 to 16 percent of those who qualify, gain entry to the universities. This means, only the best could enter the universities, as there is a very high competition. They have to waste around, one and a half to two years, before

entering the universities and when they come out, after completing the university education, their age is around 27 years. After spending more than 20 years on education, it is rather unfortunate that they have to spend some more time looking for jobs. As the job opportunities for them in the private sector seems to be very low at present, most of them try to entirely depend on the state sector, which has only a very limited capacity to absorb them. At present, even science graduates, economics graduates etc., also find it difficult to get suitable employment, except a few who are conversant in English. The country spends a considerable amount on university education, each year. There are a number of reasons for this undesirable situation.

- (i) The age at which they complete the University education.
- (ii) Inadequate knowledge of English language.
- (iii) Reluctance of the private sector employers to recruit graduates, perhaps due to the above two reasons and also due to the misconception that all graduates are radicals, which is totally incorrect. More than 95 percent of the university students are innocent young people who are not involved in any form of violence or misbehavior. It is only a very small percentage of students who created problems in the Universities, which only affects the education of others, but also their chances of obtaining employment specially in the private sector organizations.
- (iv) Reluctance of the graduates to enter the private sector, because of the attitudes of the co-workers, towards them, who are less qualified, but may be more conversant in English.

- **Unemployment among other Educated Youth :**

Statistics shows that around 50 percent of the unemployed, are either G.C.E. (O/L) qualified (around 27 percent) or G.C.E. (A/L) qualified (around 20 percent). As majority of them are below 25 years of age, their skills could be developed easily to suit the present demand. Suggestions are given below.

- (i) Skills development strategies should be demand driven. It is necessary to study the types of skills, which are in demand currently as well as in the future and the training facilities provided by Technical Colleges, Vocational Training Institutes etc., should be geared to meet such demand.

- (ii) Investments in Hightech Industries should be encouraged. BOI should get the information on the types of skilled manpower needed, from prospective investors, well in advance, so that necessary training facilities could be arranged to develop the skills required, by the technical colleges and other training institutions.
- (iii) Software development is one of the areas, which could create a lot of job opportunities. There is a demand for persons with such skills, all over the world and specially USA. This could also bring considerable amount of foreign exchange to the country. Software development could also be done with – in Sri Lanka. This is being already done, but could be and should be improved further.

6. Government Policies and Programs at National Level to Address Youth employment issues

Employment Policy : Employment Policy has resolved to enhance our human resources as a major competitive advantage to facilitative the development of economy.

In 2002, the Ministry supported the preparation of new policies in the field of national employment, and national productivity, respectively. The implementation of the *National Employment Policy* is now in progress with particular emphasis on the establishment and implementation of an employment sourcing and delivering system in the form of *JOBSNET*. *JOBSNET* is an innovative government- private sector partnership that has assumed responsibility for employment promotion and job placement through a national network of 17 centers that utilize computer technology to facilitate the job matching process.

Seven initiatives were formulated for the development of Sri Lankan Human capital.

These seven initiatives are summarized below.

Initiative 1: Manpower Planning

Demand and supply matching plays a pivotal role in shaping strategies and targets of all other manpower efforts. A National Human Capital Council to oversee the

implementation of recommendations and for the formulation of future manpower strategies and targets needs to be established. An enhanced Human Capital Market information system to facilitate manpower planning should be developed to provide relevant and timely information for decision making.

Initiative 2: Education & Training for Life Long Employability.

Knowledge, skills and talent of our human capital will be an important competitive edge for both individual and business in a rapidly changing environment; as jobs in the new millennium will demand higher levels of competencies and skills. To respond these challenges, it is necessary to our people life-long employable through life-long education and training and developing competencies and attributes that are considered critical for employment.

The notion of life-long job belongs to the past where to today's worker to remain employed needs continuous up grading of skills. Continuous learning is the key to life-long employability and hence our people need to be highly trained and be fully equipped to meet the challenges of the new millennium. Strategies have been made on general education, tertiary education and in areas having a direct relevance to employability. The need to restructure training to be demand driven as opposed to being supply driven has also been addressed.

Initiative 3: Foreign Employment Redefined

Employment overseas has contributed significantly towards reducing unemployment and poverty, especially in the rural areas of Sri Lanka and up lifting the standards of living of migrants and their families. In the past majority of the Sri Lankan migrant workers have been employed in the low-skill or unskilled categories.

Therefore, uplift the skills and competencies of our human capital to enable Sri Lankans to be employed in high skilled/ high value added jobs in the global market place whilst enhancing their dignity.

Initiative 4: Improving Quality of Life through SMEs and Self-Employment.

According to the International Labour Organization, Small and Medium- Sized Enterprises (SMEs) have increasingly been responsible for creation of majority of jobs

throughout the world. Employment generation sustained rural development, balanced income distribution, prevention of rural labour migration, etc. could be achieved through vibrant SMEs and Self-Employment.

Proposals have been made with regard to the need for policies on land, financing and incentives, and the necessity to develop suitable infrastructure support, both institutional and physical, in order to support employment generation through SMEs.

Ministry of Labour Relations & Foreign Employment to assume responsibility for the self-employed sector and would uplift the dignity of the self-employed by creating awareness amongst the public that self-employment and micro business are respected and dignified means of gainful employment.

Initiative 5: Fulfilling Social Obligations

To provide opportunities to all sectors of our society without any form of discrimination, strategies have been proposed to enhance the employability of women and to address the issue of unemployed graduates. In addition, strategies have also been formulated to provide opportunities to those who would seek employment in the aftermath of the negotiated settlement to ethnic conflict and the disabled persons. The main thrust of the policy is on upgrading of skills through skills training and retraining to enhance employability.

Initiative 6: Partnerships Re-Aligned

The weak tripartite partnership among the Government, the employers and the trade unions have been an impediment to Sri Lanka's growth in the past. The employment policy calls for the total commitment and strong partnerships amongst all stakeholders to realize the vision. Building of strong tripartite foundation which include partnerships at National and International level, reforms in man power policies and encouraging good governance and transparency are considered critical.

Initiative 7: Reaching Out – Employment Sourcing and Delivery System.

A model to act as an user friendly interface between our people seeking employment opportunities, information and employment or other services and potential employers has been recommended and to be branded and promoted as the “ Lanka Service Network”.

7. Few general suggestion on creation of employment opportunities for youth Population.

- (I) The share of the employment in Agriculture is gradually decreasing, which is inevitable when the country is developing. However, this trend should not affect the agricultural sector. As such it is necessary to encourage the use of modern technology and more scientific methods in improving productivity. This may attract educated youth to Agriculture. In addition to this, agro-based industries should also be encouraged in the agricultural areas so that the youth who do not want to get engaged in traditional agriculture, could get employment in such industries or start self-employment in their own local areas.
- (II) Extension services for agriculture should be improved to advice farmers on how they could improve their productivity, use of modern technology available, and how could market their produce. Private sector organizations should also be encouraged to provide extension services to farmers while they provide other services to them.
- (III) Improve Infra-structure facilities like Electricity, Transport and Communication, to disadvantages areas, so that more job opportunities could be created in those areas. Proper roads, Electricity and communication facilities are essential to improve industries and service activities in these areas. In-depth analysis on poverty shows that there is a very high co relation between incident of poverty and non-availability of proper road network.
- (IV) Credit facilities which could be easily obtained, should be made available to youth who intent starting self-employment in agriculture as well as non agricultural sector.
- (V) Marketing facilities should be improved to assist those who are engaged in self-employment, so that they could find suitable markets for their produce, without having to sell their produce at very low prices, to traders, who try to exploit from their helplessness.